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ABSTRACT

Waukesha County Technical College (WCTC) is one of 16 institutions in the Wisconsin Technical College System. The college offers associate of applied science degree programs, technical diplomas and certificates, apprenticeship programs and other adult education services. This financial report covers fiscal year 1998 and is divided into four sections: introductory, financial, statistical, and single audit. The introductory section includes a letter of transmittal, an organizational chart, 1997 and 1998 revenue and expenditure overview, and information on the WCTC Board and top administrators. The financial section includes general-purpose financial statements, notes to the financial statements, the combining, individual fund and account group financial statements and schedules, and the auditor's report on the statements and schedules. Total revenues for the college for 1998 were $50.3 million, up from $47.7 million the prior year. Expenditures were $55.2 million for 1998, up from $49.2 million. The statistical section includes selected financial and demographic information on governmental funds, tax levies, real property value, debt service, WCTC graduates, student enrollment and demographics, employees, and program offerings. WCTC is required to undergo a single annual audit according the single audit section conforms to the Single Audit Act of 1984 and its Amendments in 1996. The single audit section of this report contains information related to this audit, schedules of federal and state financial assistance, and the auditor's reports on the internal control structure and compliance with laws and regulations. (RDG)

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WAUKESHA COUNTY TECHNICAL COLLEGE

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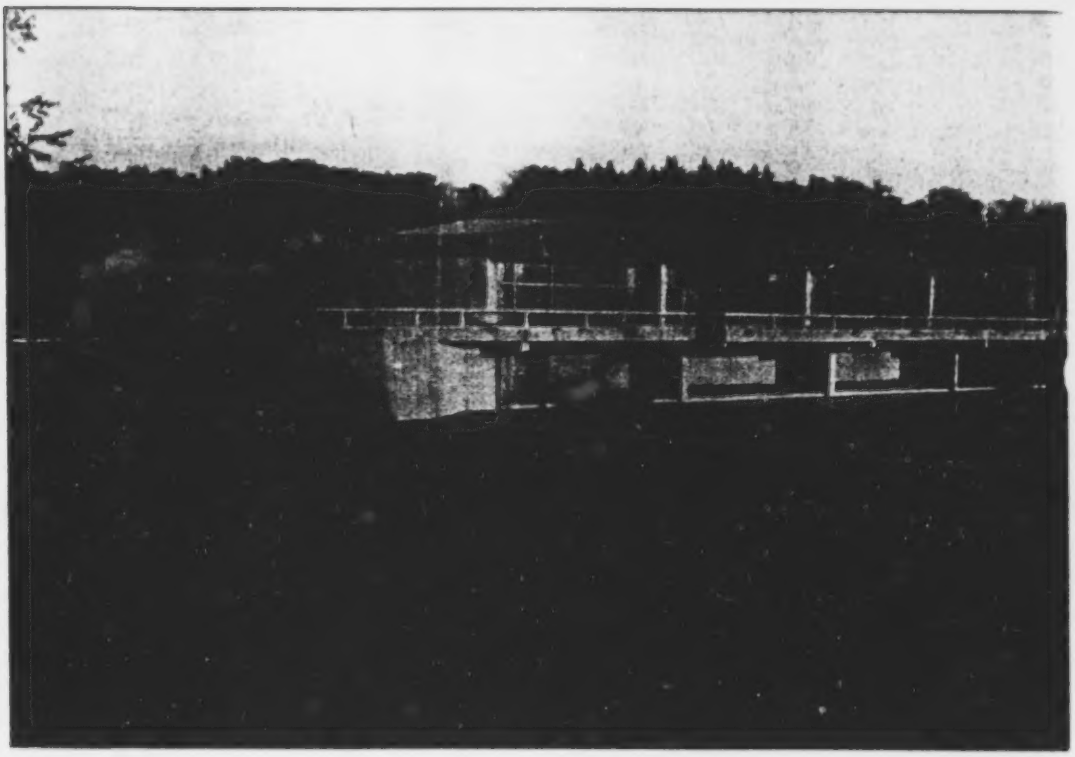

1998 Comprehensive Annual Financial Report

TC 99 0609

800 Main Street • Pewaukee, Wisconsin 53072

For the fiscal year ended June 30, 1998

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WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT
Pewaukee, Wisconsin

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1998

Prepared by Financial Accounting Services

WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT

Comprehensive Annual Financial Report

For the year ended June 30, 1998

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Ms. Judith Finkler	Member
Mr. Gary A. Hamilton	Member
Mrs. Joan S. Jenstead	Member
Ms. Anita Rodriquez	Member
Ms. Amy Beaudry	Student Representative
Ms. Ellen Mei	WCTEA Representative
Mr. Anthony Drefehl	WCESSU Representative

Administrators

Dr. Richard T. Anderson	President
Dr. R. Laurence Schoenberger	Executive Vice President of Student and Instructional Services
Mr. Craig L. Piotrowski, CPA	Vice President of Financial and Administrative Services
Ms. Vicki L. Chappell, CPA	Vice President of College Development

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Dr. Richard T. Anderson	Mr. Craig L. Piotrowski, CPA

Report Prepared By

Ms. Cary A. Tessmann, CPA, CMA	Controller

Technical Support Provided By

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Research & Evaluation Department	

WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT

Comprehensive Annual Financial Report

For the year ended June 30, 1998

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TECHNICAL COLLEGE DISTRICT

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WAUKESHA COUNTY TECHNICAL COLLEGE

Introductory Section

WAUKESHA COUNTY TECHNICAL COLLEGE
WCTC
KNOWLEDGE WORKING
Reaching Lives for 75 Years 1923-1998

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Pewaukee, WI 53072
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President Richard T. Anderson, Ed.D.

October 2, 1998

Board of Directors
Waukesha County Area Technical College District:

The Comprehensive Annual Financial Report of the Waukesha County Area Technical College District (also known as Waukesha County Technical College or WCTC) for the fiscal year ended June 30, 1998, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with WCTC. To the best of our knowledge and belief, the presented data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of WCTC. All disclosures necessary to enable the reader to gain an understanding of WCTC's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, WCTC's organizational chart, and general information about the WCTC Board and key administrators. The financial section includes the general-purpose financial statements, notes to the financial statements, the combining, individual fund and account group financial statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected financial and demographic information, which is generally presented on a multi-year basis.

WCTC is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the State of Wisconsin Department of Administration publication, *State Single Audit Guidelines*. Information related to this single audit, including the schedules of federal and state financial assistance and the auditor's reports on the internal control structure and compliance with applicable laws and regulations, is included in the single audit section of this report.

This report includes all of the funds and account groups of WCTC. In addition to education, WCTC provides a full range of related services that include a bookstore; the Classic Room, a restaurant-type operation; and a child-parent center, which provides day care for children.

This report is consistent with legal reporting requirements of the State of Wisconsin. In addition to meeting legal reporting requirements, this report is intended to present a comprehensive summary of significant WCTC financial data to meet the varying needs of the citizens, taxpayers, students, employees, financial institutions, intergovernmental agencies, and the Wisconsin Technical College System.

SERVICES AND ENVIRONMENT

For more than 75 years WCTC has been helping people acquire the knowledge and skills that will help prepare them for a rewarding future in business, industrial, health and service occupations. Our campuses have well-equipped educational laboratories, highly-experienced instructors concerned with student success and curricula kept continually up to date with assistance from volunteer advisors, who are leaders in their fields, ensuring that students learn the skills necessary to become knowledgeable and employable in today's competitive job market. WCTC's service commitment is stated as follows:

> ***In a world economy, we will continuously improve our services to meet the technical and vocational training needs of our students, employers, and the community.***

WCTC is one of 16 technical colleges in the Wisconsin Technical College System (WTCS). Vocational, technical, and adult education in Wisconsin began as the first comprehensive statewide continuation school system in the United States as the result of state legislation passed in 1911. The WTCS was developed and continues to be sustained by strong support from both labor and management in Wisconsin.

WCTC was organized as a city institution in 1923 and became a county area district in 1967. In July, 1987, WCTC underwent a name change from Waukesha County Technical Institute to Waukesha County Technical College in recognition of the post-secondary nature of its educational offerings.

Located in Pewaukee, Wisconsin, WCTC's main campus is 20 miles west of the City of Milwaukee and approximately 60 miles east of the State Capital in Madison. WCTC's boundary encompasses approximately 600 square miles in the southeastern corner of the state, serving 99% of Waukesha County, 9% of Jefferson County, 2% of Dodge County, 2% of Racine County, and the local municipalities (6 cities, 21 towns, and 19 villages) located therein. Annually more than 33,000 citizens take advantage of educational opportunities offered by WCTC.

WCTC offers associate of applied science degree programs, technical diploma programs, advanced technical certificates, apprenticeship programs and other adult education services. WCTC is accredited by the North Central Association of Colleges and Schools. Programs and courses are approved by the WTCS Board and endorsed by the Veterans Administration, the American Association of Community Colleges, and the Wisconsin Board of Nursing and Division of Nurses. The National League of Nursing and other professional organizations accredits selected programs.

Vision

Because of the nature of its educational service environment, WCTC has integrated a business approach into its organizational design and educational process. This business approach strives to maximize output consistent with our educational mission while minimizing taxpayer financial support.

The WCTC Board of Directors developed a Vision Statement in order to position WCTC for the 21st century. The Vision Statement is a verbal picture of the core principles and values of an organization, its purpose, its target, and its strategies, all painted in clear, compelling language.

Vision: Waukesha County Technical College is the leader in workforce development in Waukesha County.

WCTC Core Values and Principles:

- *(Student and Other) Customer Focus:* People are central to our mission. People learn best when they learn how to learn. We will meet or exceed student and other customer needs.
- *Continuous Improvement:* Lifelong learning is the key to occupational and personal growth. Quality is achieved through continuous personal and process improvements.
- *Personal Empowerment:* People have the capacity to change and to improve the quality of their lives. People will be treated with dignity and respect. Empowered people accept personal responsibility and strive to do their best.

Purpose: Students will achieve occupational and personal success through lifelong learning at WCTC.

Target: All of our students and other customers will state that their experiences with WCTC were a wise use of their time and money.

ENDS Statements:

- *Occupational Competency:* Students have skills needed to obtain entry-level jobs or have upgraded skills in their area.
- *Critical Life Skills:* Adults who are self-directed learners/workers and who possess communication, analytical, group effectiveness, and personal management skills.
- *Educational Leadership:* WCTC is a student learning-centered organization serving as a local, regional, national, and international educational resource and role model.
- *Organizational Productivity:* WCTC is a productive, humanistic, and improving organization.
- *Economic Development:* Economic development is possible through the collaborative efforts of WCTC along with other organizations.

The Statutory Mission is contained in WCTC's Strategic Plan; it describes the scope of activities which the College is legally authorized to provide.

Economic Development

WCTC's economic development role includes providing customized courses and programs tailored to the specific needs of individual firms and organizations, providing technical assistance to area firms, providing instruction to retrain workers and upgrade skills, providing outplacement services for displaced workers, and acting as facilitator for community action groups and organizations to enhance local development efforts.

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WCTC has entered into educational partnerships to assist with the training of the workforces of Cooper Industries, Envirex, Waukesha Engine, Navistar, General Electric Medical Systems and other employers of our area who have publicly stated that a trained workforce and WCTC continue to be major factors in their decisions to move to or expand their operations in our community. Likewise, WCTC has entered into educational and operational partnerships to share common facilities and resources for mutual benefit with the school districts of Menomonee Falls and Elmbrook, the University of Wisconsin—Waukesha College, University of Wisconsin—Whitewater, Waukesha County, Memorial Hospital of Oconomowoc, and other schools, hospitals, churches, and agencies in the Waukesha County area. WCTC has entered into a joint venture with Gateway Technical College, Moraine Park Technical College, and Mid-State Technical College for the purchase and operation of an automated library system.

During the past few years WCTC has been working extensively with area high schools and various colleges and universities to get articulation agreements in place whereby a high school student can earn up to two years of college credit while still in high school, attend WCTC for two years, and attend a four-year college for another two years and receive his/her bachelor's degree.

In 1992 WCTC leased a new facility developed by the Hein-Werner Corporation, the world-leading manufacturer of automobile service and collision repair equipment, as part of its world headquarters. This innovative relationship continues to allow WCTC the free use of the most modern collision repair equipment and a unique instructional-employer joint venture that has resulted in a new version of auto collision repair curriculum.

In January, 1995, the WCTC Foundation opened the doors of the Workforce Development Center on the southeast corner of the Pewaukee Campus. The Center provides employment, job training, and career counseling services on a countywide basis. The participating agencies are WCTC; Waukesha County Economic Development Corporation; Waukesha, Ozaukee, Washington Private Industry Council; Wisconsin Job Service; Waukesha County Department of Health and Human Services; Wisconsin Unemployment Compensation Division; and Partners for Education. The Center was built by the WCTC Foundation and is leased to the participating agencies. This ongoing effort has been hailed as a new benchmark of governmental collaboration to provide customer service.

In 1996 fifteen of the sixteen technical college districts formed an insurance consortium for the purpose of reducing the cost of their risk insurance coverage while increasing their coverage. Effective July, 1997, new insurance policies were entered into under this consortium effort.

Strategic Planning

The decade of the 1990's is characterizing technical education by limited resources, constantly changing enrollments stemming from demand for occupational retraining, an expanding workforce in service-related industries, fluctuating unemployment rates, high school populations which are increasing at a slower rate, demand for occupational training in advanced technology, significant outlays for high technology equipment and staff retraining, and a changing population which requires different instructional delivery systems. WCTC has responded to this challenge by developing a strategic planning process that is predicated on informed decision making and that fosters educational and fiscal accountability.

The strategic planning process includes the development of planning assumptions, planning guidelines, and ENDS Statements by the WCTC Board. These statements set the general framework within which the institution operates. WCTC's planning assumptions identify characteristics and trends. The planning guidelines identify the direction established by the WCTC Board. The ENDS Statements are the long-term goals to be achieved.

The second phase of the strategic planning process includes the development of operational plans by staff. The operational plans include short-range and long-range goals and objectives, key action priorities, and major changes from the previous year. These are tied to the WCTC Vision Statement.

Resource allocation, including economic, human, facilities, and equipment resources, is the third phase of the strategic planning process. The budget is one component of the resource allocation process. Budget development responds to the planning guidelines contained in WCTC's Vision Statement and Strategic Plan and includes the activities that meet WCTC's target and strategies. Budget hearings at both the administrative and board levels provide the scrutiny necessary to achieve fiscal accountability. In addition, a public hearing allows reaction from citizens regarding the proposed budget.

Other planning/evaluation mechanisms that are used by WCTC include:

- A Five-Year Program Development Plan that is reviewed and updated continuously to monitor changing business and industrial needs with extensive need surveys conducted to determine labor market changes.

- A Vocational Education Plan that is prepared yearly in conjunction with WCTC's application for vocational education funds.

- Annual follow-up studies, including six-month graduates, withdrawals, and employers, which allow WCTC to monitor changes in the labor market. In addition, longitudinal follow-up studies, conducted three and five years after students graduate, allow WCTC to determine the long-term benefit of occupational education.

- A Five-Year Program Evaluation Plan which assists WCTC in determining the relevance of program competencies and which identifies major evaluation efforts in educational offerings as well as in institutional services and activities.

- A Long-Range Facility Plan which addresses programmatic and support service facility needs.

- A Technology Plan which addresses administrative and instructional computing and other technology needs.

- A Multi-Year Capital Budget Plan which addresses WCTC's long-term capital needs.

Goals and Accomplishments

WCTC's goals for the future are based on a foundation set during and before this year. Our focus continues to be on developing and evaluating educational programs, resource allocation, internal and external marketing, curriculum updates, up-to-date technology and our commitment to total quality management. WCTC is committed to excellence in serving our communities' needs in technical and adult education.

The following significant accomplishments occurred in 1997-98:

- WCTC celebrated its 75th anniversary with a series of special events, publicity stories and a published history of the College. Keynote speaker William F. Buckley, Jr., kicked off the yearlong slate of events at the second annual Business and Industry Luncheon, which attracted 350 community and business leaders.

- As part of the 75th anniversary activities, the WCTC Alumni Association hosted Children's Spring Fest, which brought over 800 children and parents on campus for Easter egg hunts, games and information booths sponsored by community groups. Many families mentioned it was their first time on campus.

- WCTC awarded 399 associate degrees, 417 technical diplomas, and 69 apprenticeship certificates to 1,034 students. Fourteen students completed more than one program.

- A total of 338 high school diplomas were awarded to students who prepared at WCTC. Sixty-five students earned a General Education Development (GED) certificate and 149 students, including 25 special needs students, earned a High School Equivalency Diploma. Sixty-two students graduated from the External Diploma Program and an additional 62 received an Adult High School Diploma.

- The fall, 1997, survey of our 1996-97 graduates indicated that nearly 97% of the graduates were satisfied with the educational training they received from WCTC. Among the 860 survey respondents who were in the labor market, 97% were employed and 80% of those employed were working in a field related to their training at WCTC.

- The fall, 1997, survey of employers indicated that 95% were satisfied or very satisfied with our graduates' technical education and 94% would hire another graduate. Over 90% of these employers said they would recommend our graduates to another employer.

- More than 100 students were elected or initiated into the scholastic honorary Phi Theta Kappa Society, Who's Who in American Junior Colleges, or the National Vocational-Technical Honor Society. Also, more than 60 students received awards from state and national competitions related to their training at WCTC.

- Twenty-one faculty participated in the Instructor Occupational Competency Program, which provides faculty the opportunity to work in business and industry in order to gain knowledge and skills that link classroom theory to the workplace.

- Governor Thompson visited the campus to show support for the College's faculty development efforts. His visit included a tour of the Teaching Innovation Center, which provides resources and assistance to instructors and staff to improve teaching and student learning through the use of technology.

- The Student Advising System was implemented for spring semester, 1998. Forty-one new advisors completed their first 16 hours of advisor training and provided advising services to over 500 students. An additional 40 advisors will be added for a total of 81 projected advisors serving over 1,000 students for fall, 1998.

- On-site program evaluations were conducted by teams of business representatives and educators for the Auto Body and Paint Technician, Quality Assurance Technician, Fashion Marketing, Retail Management, CIS-Microcomputer Specialist, Property Assessment and Appraisal, and Office Equipment Repair programs. The Automotive Servicing Toyota T-10, Culinary Management, and Medical Assistant programs also underwent in-depth reviews by professional accrediting agencies. This method of program review is conducted to ensure that programs remain aligned with employer training needs.

- Focus groups were conducted to assess program graduates' satisfaction with the Central Service Assistant program and to identify continuing education needs of the program graduates.

- On behalf of the Wisconsin Manufacturing Curriculum Consortium, WCTC received the second year approval and $200,000 of the three-year $700,000 grant from the National Science Foundation to fund manufacturing curriculum development and its dissemination through multi-media delivery formats for use by technical colleges, universities, and business and industry employers.

- Over two dozen Internet courses are now offered.

- A variety of courses were offered via videotape and public television on channel WMVT.

- WCTC conducted focus groups and an occupational analysis of network and telecommunications technicians with representatives from a variety of companies to develop a new Networking/Telecommunications associate degree program.

- Careers in Automotive—Reach for Success (CARS) was offered by the Women's Development Center. Twenty-nine women interested in the automotive industry explored career opportunities, learned basic automotive concepts and acquired skills necessary to be successful in a non-traditional career.

- Students will now be able to design their own associate degree program. The Individual Technical Studies program is intended for currently employed individuals who have a career objective which cannot be met by WCTC's existing programs. It enables students to combine courses from two or more major areas of study into a unique Associate of Applied Science degree. The Technical Studies—Journeyworker program provides an associate degree option for those who have already obtained a Journey-level Certificate from an apprenticeship program.

- Four new Advanced Technical Certificates were developed: Mold Design, Die Design, Intra/Internet Development, and Advanced Computer Aided Design.

- Labor market studies were initiated to assess the need for new programs in Carpentry, Bricklaying/Masonry, Physical Therapy and Sports Medicine Assistant, Physical Fitness and Exercise Science, and Circuit Board Design.

- Twenty-one percent of Waukesha County 1995 high school graduates attended WCTC within three years of graduating from high school. The number of high school graduates attending WCTC immediately upon graduation has increased over the past five years from approximately 7% to 13%.

- WCTC hosted ten foreign exchange students representing six different countries while 21 of our students went to four countries. In addition, an English-as-a-Second Language instructor exchanged places with an instructor from Argentina.

- The Women's Development Center hosted a Teen Single Parent Day for 51 area high school students and 12 teachers.

- More than 1,500 community residents and employers from 156 local businesses attended the Waukesha County Workforce Development Center annual Job Fair.

- In partnership with Hamilton Sussex High School and University of Wisconsin—Stout, WCTC developed a 2+2+2 Printing and Publishing program to train students in the printing and publishing field. Governor Thompson signed a major 2+2+2 transfer credit agreement for the program.

- WCTC signed a 2+2 agreement with Carroll College that ensures junior-level standing in their Computer Science program for graduates of WCTC's Microcomputer Specialist and Programmer/Analyst programs.

- Graduates of WCTC's Police Science, Dental Hygiene, and calculus-based Electronics Technology programs will now receive junior-level standing in Marquette University's corresponding bachelor degree programs of Criminology and Law Studies, Dental Hygiene, Electrical Engineering, and Mechanical Engineering.

- A 2+2 agreement was signed with Mount Mary College enabling students to transfer from WCTC Retail Management or Fashion Merchandising program into Mount Mary College's Merchandise Management Program.

- WCTC Foundation academic scholarships totaling nearly $104,000 were awarded to 150 WCTC students to help finance their education at WCTC. An additional $50,000 in scholarships received from business and industry and private donors were awarded to 45 students.

- For the eleventh year WCTC hosted Corporate Capers, which raised more than $84,000 for Wisconsin Special Olympics.

- WCTC hosted the third annual "Chipping in for Scholarships" golf outing, which raised $20,000 for the WCTC Foundation's Technical Excellence Scholarship Fund.

- For the sixth year WCTC hosted the TREK 100 bicycle ride. Over 1,200 riders participated in the event, which raised over $250,000 for the Midwest Athletes Against Childhood Cancer Fund.

- The Helene Fuld Health Trust awarded WCTC a two-year grant for $44,578 to provide community-based nursing experiences for students and faculty in collaboration with the Community Nursing Clinic.

- Business and Industry Services developed training contracts with 183 difference businesses and organizations. Over 700 classes were offered with a total of 9,421 student enrollments.

- A new workplace education site opened at PlastOcon in Oconomowoc.

- WCTC developed a caregiver training package specific to Alzheimer's disease through a $93,000 grant from the Helen Bader Foundation and is currently providing training at over 30 community-based residential facilities.

- The Community Career Center's menu of services now includes Valpar's System 2000, a comprehensive computerized career exploration/assessment tool. Between September, 1997, and May, 1998, over 1,400 community residents completed career assessments.

- WCTC has been approved as a Community Training Center for the American Heart Association. The College provides CPR training for over 1,000 people each year.

- The Community Nursing Clinic and staff won a Community Service Award through the American Association of Critical Care Nurses Circle of Excellence.

- About 400 high school students and parents converged on WCTC for the Manufacturing Technology Career Night.
- Fifty-three boys and girls from junior and senior high schools participated in the 1998 Summer Tech Camp, which provided them with career information and hands-on experience in technical occupations.
- Thirty middle school and high school students from Waukesha and 45 middle school students from Milwaukee participated in the 1998 Career Quest in order to provide opportunities for minority youth to explore careers in a variety of occupations.
- As part of the sixth annual "Take Our Children to Work Day," a total of 37 daughters and 30 boys accompanied their parents, grandparents, or sponsors to work at WCTC.
- WCTC broke ground in May for the school's first baseball diamond.
- In May, 1998, over 100 visitors attended the Construction Technology Open House.
- The Fitness Center was renovated and reopened for students and staff with state-of-the-art sports equipment.
- WCTC now requires all associate degree and technical diploma applicants to undergo admissions assessment.

Economic Condition and Outlook

Waukesha County sets the pace for growth in Wisconsin and the Midwest with demographics reflecting a large and vital Waukesha community. The County has been a leader in population and job growth in Wisconsin over the past 10 years. Waukesha County, the third largest county in the state, has a population of approximately 340,000 with over 1,000 manufacturers and 9,000 retail businesses. While the Wisconsin economy has outperformed the nation during the past several years, the Waukesha County economy has been stronger than the overall Wisconsin economy and is expected to continue this trend in the future.

Due to a dependable and talented workforce, a majority of the employment in Waukesha County is manufacturing, retail trade, and service-related businesses. Some of that workforce is in goods-producing industries such as agriculture, mining, construction, and manufacturing with the remaining employed in service industries such as transportation, trade, finance, insurance, real estate and government. It is expected that all service industries that are strongly dependent on transportation networks will continue to be very strong in Waukesha County with the advantageous position on the interstate highway system.

The low unemployment rate and the shortage of workers have reduced the number of residents available to attend WCTC on a full-time basis. This has resulted in a decrease in the full-time equivalent students that attended WCTC in 1997-98.

Current projections indicate that residential and industrial growth will continue into the foreseeable future. As the workforce ages and leaves the labor market and as businesses expand, local business and industry is finding it hard to find workers. WCTC has been called upon to provide trained replacements. In addition, in order to stay competitive in the world market, local business and industries will continue to work in partnership with WCTC to update and train their workforce.

Critical Concerns

Although WCTC is in excellent financial condition, we have identified a number of critical concerns for WCTC's future that include:

- Changing technologies in business and industry necessitate ongoing updating of the knowledge and skills of our faculty and requirements to maintain and update our capital assets to provide state-of-the-art learning experiences for our students. This can be quite expensive to do as well as taking the faculty away from the classroom to learn the necessary skills.

- When they come to WCTC, many of our students lack the basic skills to be successful in an educational process; this is a critical concern and focus for WCTC. Therefore, it is rewarding, necessary, and very costly for WCTC to provide our students with needed basic skills and critical life skills so they learn how to be more independent and successful. As WCTC moves into its new matriculation process, more students will need to participate in this remedial training, which is a non-FTE-generating activity.

- The majority of our employees are unionized and our labor costs are increasing at a faster pace than most of our revenue sources and compared with many public and private sector labor rates.

- Our negotiated current and post-employment health insurance benefits exceed most similar benefits in the public and private sectors and are a major component of our overall costs.

- Changing labor market needs will require continuous improvement of existing programs and development of new programs for emerging occupations. With the restrictions the WCTC Board has placed on the increase to the tax rate, costs need to be absorbed within the existing funding base.

- Changing funding levels and unfunded initiatives of the state and federal government will continue to place ever-increasing demands on WCTC. It may result in decreases in service levels for some of these activities and/or a reallocation of local funds to cover the activity in other areas if the service is deemed critical enough. Many of these activities covered by external funds are non-FTE-generating.

FINANCIAL CONDITION

Currently and on June 30, 1998, all funds and account groups remain financially sound. WCTC maintains a Aaa bond rating from Moody's Investor Service. Some excerpts from their last credit report are: "Moody's expects both commercial and residential development to continue as the district benefits from its prime location as a suburb of Milwaukee. The district's substantial and growing $24 billion tax base has been spurred by its access to major highways and other transportation systems. High resident wealth levels and housing values reflect the district's attractiveness. County unemployment rates are well below the state average, underscoring the region's economic vitality. . . . district's financial position will remain strong due to demonstrated prudent management strategies and sizable General Fund balances. . . . combination of conservative budgeting and significant tax base growth has offset the district's lack of direct control over major revenue sources and enabled them to reduce the millage rate. . . . providing substantial flexibility. . . . believes the district's below average debt burden of 2.3% will remain manageable. . . . extremely rapid principal amortization of 100% in five years. . . . district's debt obligations are minimal, accounting for 2% of overall debt."

WCTC's fund balances and retained earnings at year end totaled $18,394,112 (down $1,172,250 from 1996-97). Excess unspent funds of $3,221,026 from the general fund for 1996/97 were reappropriated. Some of these funds were used to transfer $694,108 to other funds as well as to make a $1,771,971 payment towards paying off the unfunded prior service liability with the Wisconsin Retirement System. In order to maintain proper fiscal responsibility with appropriate levels of working capital, potential reduction in services to the citizens, the WCTC Board and management is committed to maintaining adequate fund balances and to funding its post-employment liabilities.

WCTC has a diversified funding base composed of property taxes, state aid, student fees, federal grants, and institutionally-generated revenue. WCTC believes that this diversity, the strength of the local economy, and its fiscal management will continue to provide the resources necessary to fulfill its mission now and in the future. Actual governmental fund-type revenues and expenditures on a budgetary basis for fiscal years 1998 and 1997 are presented in the table below. For the purpose of this report, operational expenditures refer to expenditures of the general and special revenue funds.

	1998		1997	
	Amount	Percent of Total	Amount	Percent of Total
Revenues by Source				
Property Taxes (by fund):				
General	$25,860,007	52.7%	$24,968,997	53.3%
Special Revenue	2,979,011	6.1%	2,869,953	6.1%
Debt Service	3,694,179	7.5%	3,558,939	7.5%
	$32,533,197	66.3%	$31,397,889	67.0%
Intergovernmental:				
State	5,803,299	11.8%	5,585,539	12.0%
Federal	1,623,322	3.3%	1,700,777	3.6%
Tuition and Fees	5,334,673	10.9%	5,136,119	11.0%
Institutional/Other	3,762,565	7.7%	2,985,445	6.3%
Total	$49,057,056	100.0%	$46,805,769	100.0%
Expenditures by Function				
Operational:				
Instruction	$30,971,894	54.7%	$27,687,194	56.8%
Instructional Resources	1,154,957	2.0%	1,002,105	2.1%
Student Services	5,021,731	8.9%	4,457,093	9.1%
General Institution	5,504,179	9.7%	4,252,988	8.7%
Physical Plant	3,696,702	6.5%	3,132,230	6.4%
	$46,349,463	81.8%	$40,531,610	83.1%
Capital Outlay	5,786,648	10.2%	4,420,822	9.1%
Debt Service	4,503,769	8.0%	3,817,864	7.8%
Total	$56,639,880	100.0%	$48,770,296	100.0%

Governmental Funds

Approximately 90% of WCTC's revenues and expenditures are accounted for in governmental fund types (general, special revenue, capital projects, and debt service funds). In fiscal year 1998, on a budgetary basis, governmental fund revenues increased $2,251,287 (4.8%) to $49,057,056. Factors that caused the increase include:

- Property tax revenue increased $1,135,308 (3.6%) for governmental funds. A 3.8% increase was planned for in the budget to meet continuing operational needs, debt service requirements, and the fiduciary fund needs. A number of tax incremental financing districts (TIF's) were liquidated during the 1997-98 fiscal year, resulting in tax revenues exceeding the budget. Due to actual levies received in both years exceeding the planned budget due to TIF funds received, the actual percentage change shown is different than the budget. In addition, although 3.8% was budgeted as a tax levy increase, a larger portion of this increase was placed in the fiduciary fund.

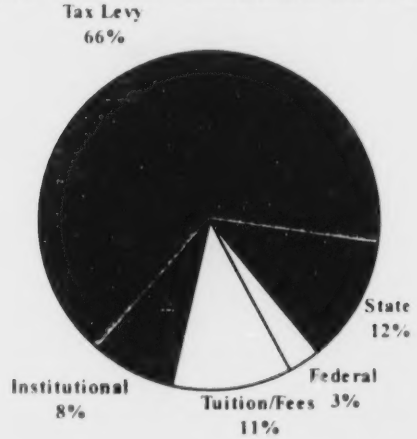
- State revenue increased by $217,760 (3.9%). The increase was caused by an increase in state-sponsored activities.

- Federal revenue decreased by $77,455 (4.6%). The decrease was due to decreased federal-sponsored activities.

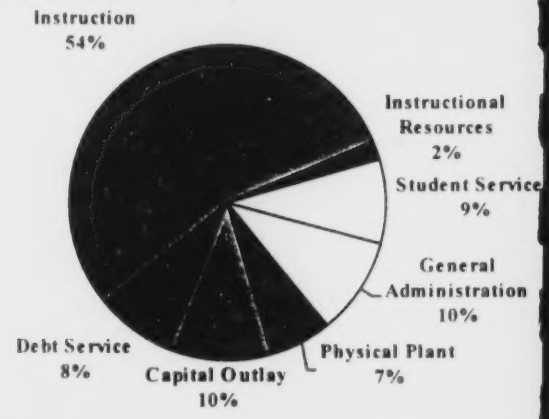
- Tuition and fees increased by $198,554 (3.9%). The increase was caused by a combination of a decrease in enrollments (28 FTE's) and an increase in tuition and fee rates.

- Institutional revenue, which includes contracted services for instructional and technical assistance to business and industry and investment income, increased by $777,120 (26.0%). The increase was caused by an increase in contracted services for customized training.

Where WCTC Obtained Its Funds



Where WCTC Spent Its Funds



In 1997-98 governmental fund expenditures increased by $9,583,669 (20.4%) to $56,639,880. Factors that caused these changes include the following:

- Operational expenditures increased by $5,817,853 (14.4%). The increase resulted from increased state-funded activities as well as inflationary increases for ongoing operations. In addition, the increase also included a lump-sum payment of $1,771,971 that retired the unfunded prior service liability that existed with the Wisconsin Retirement System for pension benefits for employees. The district also reappropriated additional funds from the previous year to fund expenditures that could not be covered within the budget guidelines.

- Capital expenditures increased by $1,365,826 (30.9%). WCTC is in the process of replacing its administrative computer systems, which resulted in this increase. Replacement of our legacy computer system was made in order to increase functionality as well as to make the District year 2000 compliant.

- Debt service expenditures increased by $85,905 (18.0%). The increase was due to planned structuring of debt to fit the available funds and to keep a stable tax rate.

Other Funds

WCTC also uses proprietary funds to account for enterprise (business-like) operations such as the bookstore, Classic Room, and the child-parent center and fiduciary funds to account for trust activities, such as student financial aid, student activities, and athletics.

Enterprise fund revenues decreased $9,237 (0.04%) compared to expenses which increased $51,430 (2.5%). Retained earnings decreased $20,069 (2.4%) before any transfers in and out. A residual equity transfer of $51,189 was made to the General Fund. During spring, 1997, WCTC began subcontracting on-campus food service. This activity had been treated as an enterprise operation prior to that time. During 1997-98 WCTC transferred the remaining funds from on-campus food service operations to the General Fund. The operation of the Classic Room, a restaurant-type operation run by students in the Hospitality and Culinary Arts program, remained in the enterprise fund; this had been a subset of the food service enterprise operation. The net result to fund balance was a decrease of $92,500 (10.1%)

Fiduciary fund types, on a budgetary basis, had revenues of $1,234,143 compared to expenditures of $1,144,366, which increased reserved fund balance by $89,777 to $177,128. In addition, there was a $35,000 transfer in which resulted in the fund balance increasing to $212,128. All fund balances are legally restricted for use for student financial aid, student organizations, or athletics.

General Fixed Assets

General fixed assets total $33,857,552 based on a $500 capitalization policy. Such assets do not include $141,693 of equipment and $488,446 of building in the enterprise fund, which has accumulated depreciation of $143,781. Overall, WCTC's fixed assets are near the midpoint in their normal useful lives. WCTC is maintaining a fixed asset system to provide management information, provide a basis for federal reporting, and provide insurance information. WCTC has a multi-year capital budgeting program and a capital maintenance program designed to keep buildings and equipment current and functional. These programs include roofing, roadways, and the electromechanical systems. Continued implementation of these programs at the planned funding levels will result in optimizing the life cycle of the facilities, maintaining a quality educational environment and reducing to a minimum the need for deferring maintenance. At year end there were no significant maintenance backlogs.

The useful lives of general fixed assets for depreciation purposes are approximately as follows:

- Buildings (Bookstore only 25 years) 50 years
- Improvements and fixed equipment 20 years
- Movable equipment (including software) 3-15 years

	Original Cost	Less Accumulated Depreciation	Net Cost	Replacement Cost
Land	$ 591,345	$ 0	$ 591,345	$ 591,345
Land improvements	$ 3,167,159	$ 1,368,592	$ 655,193	$ 6,411,943
Buildings	$ 6,616,519	$ 2,987,132	$ 3,629,387	$42,031,553
Building improvements	$ 5,613,508	$ 1,596,347	$ 4,017,161	$ 3,772,840
Leasehold improvements	$ 2,630	$ 0	$ 2,630	$ 2,982
Movable equipment	$17,866,390	$ 9,782,880	$ 8,083,510	$18,401,108
Total	$33,857,552	$15,734,971	$16,979,226	$71,211,771

General Long-Term Debt

The WCTC Board has taxing powers and may incur long-term debt obligations. WCTC continues to meet all its debt service requirements when they become due.

WCTC will issue $4,935,000 general obligation promissory notes in fiscal year 1999 which will be repaid over five years. The proceeds of these notes will be used to finance fiscal year 1999 capital improvement projects and capital equipment included in the approved fiscal year 1999 budget. In addition, WCTC is considering the possibility of a referendum in 1999.

MANAGEMENT SYSTEMS AND CONTROLS

WCTC is committed to the development of good management systems and controls. Significant efforts are made to employ qualified personnel. Likewise, systems are conscientiously developed within which WCTC employees can function effectively and which provide appropriate levels of supervision and segregation of duties.

Accounting Systems

In developing and modifying WCTC's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe WCTC's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. During 1996-97 through 1997-98 WCTC implemented a new computer software system, which has helped to improve its financial and reporting capabilities and functionality.

Budgetary Systems

Budgetary responsibility is decentralized to managers of various cost centers. Review of budgets and budgeted activities are performed by the Administrative Budget Review Committee and the WCTC Board. Starting in December and ending in May, WCTC managers prepare, present and modify budget plans for the coming year. Between March and May, the WCTC Board reviews budget plans to ensure consistency with WCTC's visioning and strategic planning process and to provide further Board direction for WCTC's annual budget. A public hearing on the proposed budget is held annually in May. The actual property tax levy is set in October.

Cash Management

Cash temporarily idle during the year was invested in daily repurchase agreements and treasury bills. The average yield on investments during the year was approximately 5.3% and the amount of interest earned was $1,082,932, which was a decrease of $88,309 from the previous year.

Risk Management

WCTC maintains a risk management program which includes a risk manager, a comprehensive insurance program designed to meet WCTC's needs, active security and safety committees oriented to the identification and avoidance of risk, regular meetings with employees covering risk management, and an independent risk management and insurance consulting firm retained to assist in WCTC's risk management program.

Independent Audit

An annual audit of the financial statements of WCTC by an independent certified public accountant is required by WCTC Board policy and state law. This requirement has been complied with and the auditor's opinion is included in this report. WCTC does not maintain an internal audit staff; however, it purchases internal audit and operation review services on an as-needed basis.

FINANCIAL REPORTING CERTIFICATES

WCTC has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA), the Certificate of Excellence in Financial Reporting by the Association of School Business Officials (ASBO), and a Certificate of Commendation from the Governmental Reporting Awards Through Evaluation (GRATE) program for WCTC's Comprehensive Annual Financial Report for the fiscal year ended June 30, 1997. In order to be awarded these certificates, WCTC must publish an easily readable and effectively organized Comprehensive Annual Financial Report, including contents that conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. These certificates are valid for a period of one year. We believe that our 1998 Comprehensive Annual Financial Report continues to conform to the high standards of these certificate programs and we are planning to submit this report to GFOA, ASBO, and GRATE for their review.

ACKNOWLEDGMENT

The preparation of this report on a timely basis was accomplished through the cooperative efforts of the Financial Accounting Services Office; KPMG Peat Marwick LLP, certified public accountants; the Planning and Research Department; Human Resource Services Department; the Marketing/Communications Services Department; and the Registration/Bursar Department. We express our appreciation to our dedicated staff and public accountants for their many long hours in the preparation of this report. In addition, we convey our appreciation to WCTC's Board of Directors for their interest and support in planning and conducting the financial operations of WCTC in a responsible and progressive manner.

Respectfully submitted,

Richard T. Anderson, Ed.D.
President

Craig L. Piotrowski, CPA
Vice President of Financial and
Administrative Services

Wisconsin Technical College System

WAUKESHA COUNTY TECHNICAL COLLEGE

WCTC

KNOWLEDGE WORKING

800 MAIN STREET
PEWAUKEE [illegible]072

The Waukesha County Area Technical College District is comprised of the twelve school districts represented in the map

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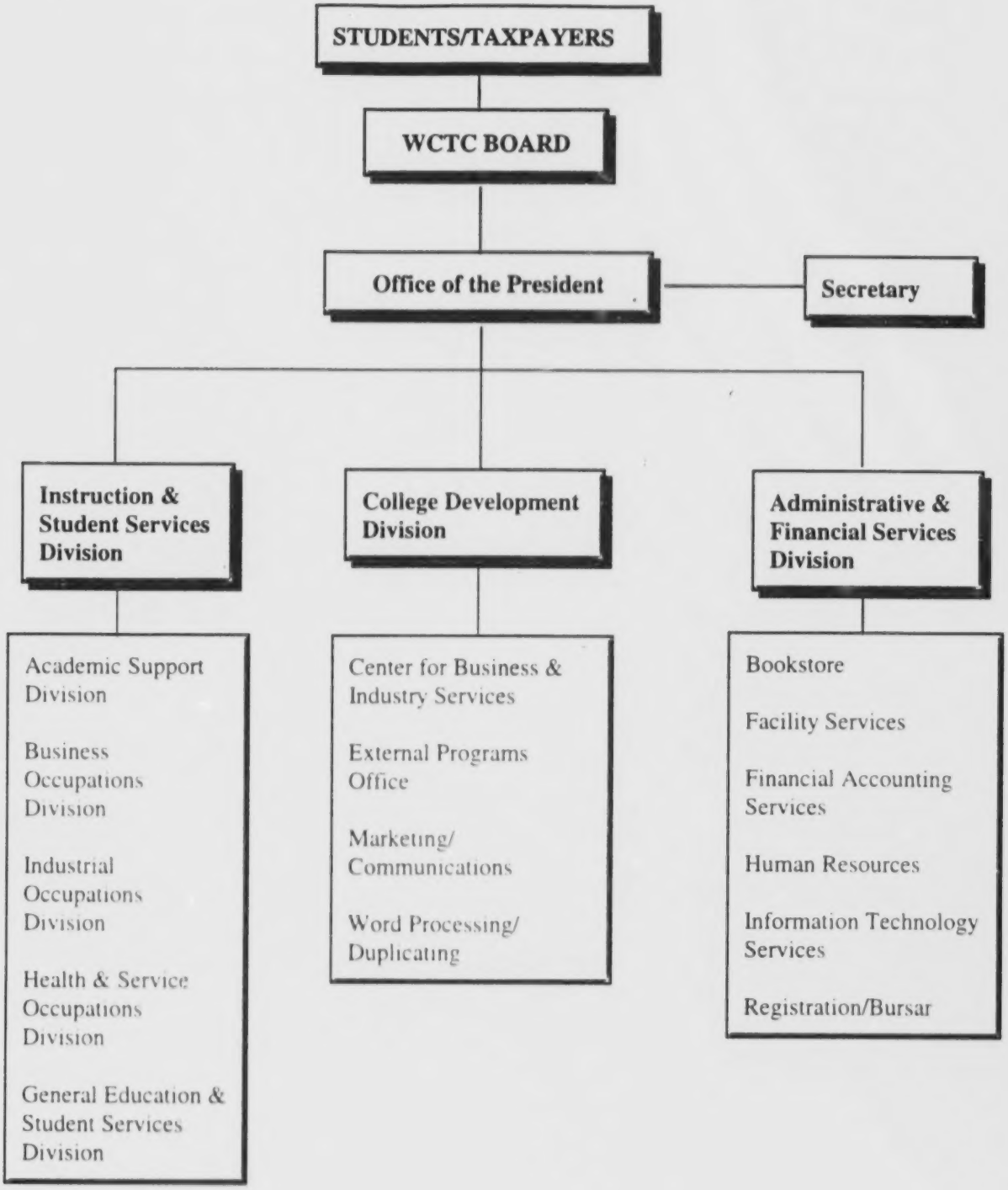
STUDENTS/TAXPAYERS
WCTC BOARD
Office of the President
Secretary
Instruction & Student Services Division
College Development Division
Administrative & Financial Services Division
Academic Support Division
Business Occupations Division
Industrial Occupations Division
Health & Service Occupations Division
General Education & Student Services Division
Center for Business & Industry Services
External Programs Office
Marketing/ Communications
Word Processing/ Duplicating
Bookstore
Facility Services
Financial Accounting Services
Human Resources
Information Technology Services
Registration/Bursar

BOARD MEMBERSHIP AND STRUCTURE(a)

Officers	Name (b)	Membership Type (a)	Municipality of Residence	Employer and Position
Member	David L. Bahl	Employer	Town of Waukesha	Weldall Manufacturing President
Vice Chair	Ronald Bertieri	Employer	Village of Menomonee Falls	Ro-An Corporation Owner/CEO
Chair	Susan E. Bischmann	Employer	Town of Waukesha	Cooperating Churches of Greater Waukesha Social Minister Executive Director
Member	Dr. Kathleen M. Cooke	School District Administrator	Village of Sussex	Hamilton School District Administrator
Member	Judith Finkler	Employee	Village of Wales	Memorial Hospital of Oconomowoc Charge Nurse
Member	Gary A. Hamilton	Employee	Town of Waukesha	Plumbers Union Local #75 Business Manager
Member	Joan S. Jenstead	Additional Member	City of Brookfield	National Realty Management Division Manager
Secretary/Treasurer	Thomas E. Neill	Elected Official	City of Waukesha	City of Waukesha City Clerk & Treasurer
Member	Anita Rodriquez	Employee	Town of Pewaukee	Girl Scouts of America Director of Program Services
Representative (c)	Amy Beaudry	Student	City of Muskego	WCTC Student
Representative (c)	Ellen Mei	Faculty	Village of Whitefish Bay	WCTEA Representative
Representative (c)	Anthony Drefahl	Staff	Village of Nashotah	WCESSU Representative

Notes:

(a) The current WCTC Board is composed of nine (9) members, all of whom are District residents. The membership consists of three (3) employers who have power to employ or discharge, three (3) employees who do not have power to employ or discharge, one (1) citizen member, one (1) public school administrator from a school system in the district and one (1) elected official. Board members are appointed by an Appointment Committee consisting of the chair of each of the four (4) counties in the District. Members of the Board serve three-year terms. Regular meetings of the Board are held on the second Tuesday of each month and, by State Statute, are open to the public. The Board has three (3) standing committees: Budget and Facilities Committee, Education/Policy Committee, and Personnel Committee which hold regular meetings the fourth Tuesday of every month. Periodic meetings are scheduled at other times, if necessary, to conduct business on timely issues. Board members receive no compensation for their services, but are reimbursed for actual and necessary expenses in the performance of their duties.

(b) All Board members are covered under a $1,000,000 errors and omissions insurance policy and are covered under an excess fidelity (surety) blanket bond of $250,000.

(c) In 1972, the Board passed a motion to allow a student representative to sit with the Board "having a voice, but no vote." In 1992, the Board passed a motion to allow a representative from the Waukesha County Technical Educators Association (WCTEA) and the Waukesha County Educational Support Staff Union (WCESSU) to sit with the Board "having a voice, but no vote."

EXECUTIVE ADMINISTRATORS OF THE MANAGEMENT TEAM

Title	Name	Years at WCTC	Annual salary 1997-98	Education	Previous Job Experience
President	Richard T. Anderson	41	$ 109,136	B.S. M.Ed. Ed.D.	Assistant Director of Instructional Services, supervisor of instruction, curriculum coordinator, guidance counselor, and instructor—all at WCTC
Executive Vice President of Student & Instructional Services	R. Laurence Schoenberger	33	95,249	B.S. M.S. Ph.D.	Supervisor of instruction, counseling, guidance counselor, and instructor—all at WCTC
Vice President of Financial & Administrative Services	Craig L. Piotrowski	20	89,857	A.S. B.B.A. M.B.A. C.P.A.	Commercial Audit Division—Arthur Andersen Staff accountant—Deloitte Haskins & Sells Tax accountant—law firm Data processing manager—foundry
Vice President of College Development	Vicki L. Chappell	5	75,445	B.S. C.P.A.	Audit Manager—Deloitte & Touche Finance Director—Milwaukee Ballet Consultant

All employees are covered under a $1,000,000 errors and omissions insurance policy and are covered under an excess fidelity (surety) blanket bond of $250,000.

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

Waukesha County Area Technical College District, Wisconsin

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1997

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting

Douglas R Ellsworth
President

Jeffrey L. Esser
Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

This Certificate of Excellence in Financial Reporting is presented to

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 1997

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

GRATE

GOVERNMENTAL
REPORTING
AWARDS
THROUGH
EVALUATION

The Key to Better Local Government Financial Reporting

CERTIFICATE OF COMMENDATION

GRATE
hereby awards this
Certificate of Commendation to

Waukesha County Area
Technical College District

for achieving a high level of quality in its
annual financial statements through the utilization of
Generally Accepted Accounting Principles (GAAP),
and accepting its responsibility for
credibility in its financial statements.

For the year ended *June 30, 1997*

President, GRATE Board of Directors

Robert B. Yehle
Marquette University
(Technical Services)

WAUKESHA COUNTY TECHNICAL COLLEGE
WCTC
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(414) 691-5593 FAX
http://www.waukesha.tec.wi.us/

President Richard T. Anderson, Ed.D.

October 2, 1998

MANAGEMENT'S RESPONSIBILITY

Board of Directors
Waukesha County Area Technical College District:

The management of WCTC is responsible for the preparation and presentation of our financial statements in this report. This report has been prepared in accordance with generally accepted accounting principles based on our best judgments and giving due consideration to materiality.

WCTC has communicated the requirements for accurate records and accounting to appropriate employees and has developed a system of internal accounting controls designed to provide reasonable assurance for the safeguarding of assets and for the reliability of financial records. This system includes selection and training of qualified personnel, organizational arrangements to provide for an appropriate division of responsibility, communication of standard accounting and internal control policies, and regular meetings on accounting matters.

Annually an independent public accounting firm, which we retain to audit our financial statements, is responsible for expressing an opinion as to whether our financial statements present fairly the financial position, results of operations, and cashflows. Their audit includes a review of our internal control structure and a testing of the accounting procedures and financial records.

The Budget and Facilities Committee of the WCTC Board is composed of concerned and qualified citizens who meet regularly with the independent auditors and management. This Committee and the full WCTC Board review the audit scope, discuss financial and reporting subjects, and consider management action on these matters. There is full and free access to the Committee by the independent auditors.

We believe our policies, internal controls, and review process provide reasonable assurance that our financial information contains the integrity and objectivity necessary for properly reporting WCTC's transactions.

Richard T. Anderson, Ed.D.
President

Craig L. Piotrowski, CPA
Vice President of Financial
and Administrative Services

Susan E. Bischmann
WCTC Board Chair

Thomas E.Neill
WCTC Board Secretary/Treasurer

WCTC is dedicated to providing students with a quality learning environment for occupational and personal growth.
Equal Opportunity Affirmative Action Employer/Educator

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recycled paper

WAUKESHA COUNTY TECHNICAL COLLEGE

Financial Section

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KPMG Peat Marwick LLP

777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report

Board of Directors
Waukesha County Area Technical College District:

We have audited the accompanying general purpose financial statements of the Waukesha County Area Technical College District (WCTC) as of and for the year ended June 30, 1998. These general purpose financial statements are the responsibility of the management of WCTC. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of WCTC as of June 30, 1998, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 2, 1998 on our consideration of WCTC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing Table of Contents, which are also the responsibility of the management of WCTC, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of WCTC. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

October 2, 1998

Member firm of KPMG International

Combined Financial Statements—Overview
("Liftable" General Purpose Financial Statements)

These basic financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups

June 30, 1998

(with comparative totals for June 30, 1997)

Assets and Other Debits	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	1998	1997
Assets										
Cash and investments (note 3)	$ 11,617,067		2,520,732	29,151	–	25,145	–	–	17,222,095	17,816,847
Receivables										
Taxes	6,698,769						–	–	6,698,769	6,465,202
Accounts	942,700	683,188	58,884		124,476	363,650	–	–	2,173,288	2,001,328
Accrued interest	37,188		8,667	49	–	–	–	–	45,904	99,712
Due from other funds (note 6)		137,182			59,070	357,649	–	–	844,201	463,870
Inventories	1,803				436,067	–	–	–	437,870	441,339
Prepaid expenditures and other assets	351,045	24,316			–	–	–	–	375,361	14,905
Fixed assets (net of accumulated depreciation for proprietary fund type) (note 4)					486,358	–	33,857,552	–	34,343,910	32,670,339
Other debits										
Amount available in debt service fund for debt service (note 5)	–	–	–	–	–	–	–	17,950	17,950	753,499
Amount available in general fund for long-term sick pay liability (note 5)	–	–	–	–	–	–	–	684,855	684,855	680,584
Amount available in general fund for long-term post-employment liability (note 5)	–	–	–	–	–	–	–	11,289,426	11,289,426	9,428,543
Amount to be provided for unfunded pension liability (notes 5 and 8)	–	–	–	–	–	–	–	–	–	1,771,971
Amount to be provided for retirement of general long-term debt (note 5)	–	–	–	–	–	–	–	7,072,956	7,072,956	6,716,228
Total assets and other debits	$ 22,678,662	1,135,286	2,588,283	29,200	1,105,971	746,444	33,857,552	19,065,187	81,206,585	79,324,367

See notes to general purpose financial statements

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Combined Balance Sheet – All Fund Types and Account Groups

June 30, 1998

(with comparative totals for June 30, 1997)

Liabilities, Fund Equity and Other Credits	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	Capital Projects	Debt Service	Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	1998	1997
Liabilities										
Accounts payable	$ 262,461	19,989	67,089	11,250	48,976	196,774	–	–	606,539	342,263
Due to student groups and grantor agencies						214,226	–	–	214,226	203,667
Accrued liabilities										
Wages	1,229,122	51,267					–	–	1,280,389	1,162,526
Payroll taxes, retirement and insurance (notes 5 and 8)	326,740						–	11,974,281	12,301,021	12,222,332
Compensated absences (note 5)	875,609	152,518			9,921		–	–	1,038,048	808,859
Due to other funds (note 6)	544,240				184,215	115,746	–	–	844,201	463,870
Deferred revenues										
Deferred taxes	3,890,000						–	–	3,890,000	3,937,000
Other	1,641,619	3,204	–	–	37,198	7,570	–	–	1,689,591	983,508
General obligation debt (note 5)							–	7,090,906	7,090,906	7,469,727
Total liabilities	8,769,791	226,978	67,089	11,250	280,310	534,316	–	19,065,187	28,954,921	27,593,752
Fund equity and other credits										
Contributed capital			–	–	–	–	–	–	–	72,431
Investment in general fixed assets			–	–	–	–	33,857,552	–	33,857,552	32,164,253
Retained earnings			–	–	825,661	–	–	–	825,661	845,730
Fund balances										
Reserved for capital projects			856,022	–	–	–	–	–	856,022	788,157
Reserved for debt service			–	17,950	–	–	–	–	17,950	753,499
Reserved for encumbrances	764,313	35,102	1,665,172	–	–	–	–	–	2,464,587	2,531,496
Reserved for prepaid expenditures and inventories	352,848	24,316	–	–	–	–	–	–	377,164	15,722
Reserved for student organizations	–	–	–	–	–	173,575	–	–	173,575	76,276
Reserved for student financial assistance	–	–	–	–	–	38,553	–	–	38,553	11,075
Reserved for post-employment sick pay	684,855	–	–	–	–	–	–	–	684,855	680,584
Reserved for post-employment benefits	11,289,426	–	–	–	–	–	–	–	11,289,426	9,428,542
Unreserved										
Designated for subsequent year budgeted expenditures	817,429	848,890	–	–	–	–	–	–	1,666,319	4,362,850
Total fund equity and other credits	13,908,871	908,308	2,521,194	17,950	825,661	212,128	33,857,552	–	52,251,664	51,730,615
Total liabilities, fund equity and other credits	$ 22,678,662	1,135,286	2,588,283	29,200	1,105,971	746,444	33,857,552	19,065,187	81,206,585	79,324,367

See notes to general purpose financial statements

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Equity – All Governmental Fund Types and Expendable Trust Funds

For the year ended June 30, 1998

(with comparative totals for the year ended June 30, 1997)

	General
Revenues:	
Local government – tax levy	$ 25,907,007
Intergovernmental revenue:	
State	5,135,425
Federal	–
Tuition and fees:	
Statutory program fees	4,257,962
Materials fees	608,684
Other student fees	433,975
Institutional fees:	
Interest income	930,096
Other	2,232,395
Total revenues	39,505,544
Expenditures:	
Current:	
Instruction	26,557,094
Instructional resources	1,118,667
Student services	3,536,991
General institutional	4,926,118
Physical plant	3,482,010
Capital outlay	–
Debt service:	
Principal	–
Interest and other expenditures	–
Total expenditures	39,620,880
Excess (deficiency) of revenues over expenditures	(115,336)
Other financing sources (uses):	
Operating transfer in	58,984
Operating transfer out	(694,108)
Proceeds of long-term debt	–
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(750,460)
Fund equity, beginning of year	14,608,142
Residual equity transfer	51,189
Fund equity, end of year	$ 13,908,871

See notes to general purpose financial statements.

Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)	
Special Revenue	Capital Project	Debt Service	Expendable Trust	1998	1997
2,979,011	–	3,694,179	88,310	32,668,507	31,075,889
625,436	42,438	–	283,987	6,087,286	5,862,702
1,565,890	57,432	–	517,808	2,141,130	2,315,928
16,787	–	–	–	4,274,749	4,135,828
17,265	–	–	–	625,949	593,328
–	–	–	196,990	630,965	509,511
–	96,795	56,041	–	1,082,932	1,171,241
439,094	8,144	–	147,048	2,826,681	1,996,980
5,643,483	204,809	3,750,220	1,234,143	50,338,199	47,661,407
4,176,077	–	–	–	30,733,171	27,593,306
–	–	–	–	1,118,667	1,004,920
1,438,705	–	–	1,144,366	6,120,062	5,628,568
240,785	–	–	–	5,166,903	4,211,581
30,237	–	–	–	3,512,247	3,144,992
–	4,100,319	–	–	4,100,319	3,820,843
–	–	4,118,821	–	4,118,821	3,447,105
–	–	384,948	–	384,948	370,759
5,885,804	4,100,319	4,503,769	1,144,366	55,255,138	49,222,074
(242,321)	(3,895,510)	(753,549)	89,777	(4,916,939)	(1,560,667)
330,108	311,000	18,000	35,000	753,092	1,130,485
(12,984)	–	–	–	(707,092)	(1,169,760)
–	3,740,000	–	–	3,740,000	3,960,000
74,803	155,490	(735,549)	124,777	(1,130,939)	2,360,058
833,505	2,365,704	753,499	87,351	18,648,201	16,288,143
–	–	–	–	51,189	–
908,308	2,521,194	17,950	212,128	17,568,451	18,648,201

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – All Governmental Fund Types

For the year ended June 30, 1998

	General Fund			Special Revenue Fund		
	Actual on a Budgetary Basis	Budget	Variance Favorable/ (Unfavorable)	Actual on a Budgetary Basis	Budget	Variance Favorable/ (Unfavorable)
Revenues						
Local government – tax levy	$ 25,860,007	25,802,380	57,627	2,979,011	2,979,011	–
Intergovernmental revenue						
State	5,135,425	4,816,531	318,894	625,436	1,097,781	(472,345)
Federal	–	–	–	1,565,890	1,665,010	(99,120)
Tuition and fees						
Statutory program fees	4,257,962	4,032,125	225,837	16,787	–	16,787
Materials fees	608,684	563,530	45,154	17,265	–	17,265
Other student fees	433,975	392,146	41,829	–	–	–
Institutional fees	3,162,491	2,686,256	476,235	439,094	363,856	75,238
Total revenues	39,458,544	38,292,968	1,165,576	5,643,483	6,105,658	(462,175)
Expenditures						
Current						
Instruction	26,761,177	27,548,447	787,270	4,210,717	5,334,574	1,123,857
Instructional resources	1,154,957	1,266,966	112,009	–	–	–
Student services	3,577,787	3,816,955	239,168	1,443,944	1,631,566	187,622
General institutional	5,262,334	5,681,611	419,277	241,845	254,569	12,724
Physical plant	3,666,465	3,833,361	166,896	30,237	30,895	658
Capital outlay	–	–	–	–	–	–
Debt service						
Principal	–	–	–	–	–	–
Interest and other expenditures	–	–	–	–	–	–
Total expenditures	40,422,720	42,147,340	1,724,620	5,926,743	7,251,604	1,324,861
Excess (deficiency) of revenues over expenditures	(964,176)	(3,854,372)	2,890,196	(283,260)	(1,145,946)	862,686
Operating transfer in	58,984	58,984	–	330,108	330,108	–
Operating transfer (out)	(694,108)	(735,952)	41,844	(12,984)	(12,984)	–
Other financing sources (uses) – proceeds of long-term debt	–	–	–	–	–	–
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(1,599,300)	(4,531,340)	2,932,040	33,864	(828,822)	862,686
Fund balances, beginning of year	17,772,356	17,772,356	–	652,342	652,342	–
Residual equity transfer in	51,189	51,189	–	–	–	–
Fund balances, end of year	$ 16,224,245	13,292,205	2,932,040	686,206	(176,480)	862,686

See notes to general purpose financial statements

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Capital Projects Fund			Debt Service Fund			Totals (Memorandum Only)		
Actual on a Budgetary Basis	Budget	Variance Favorable/ (Unfavorable)	Actual on a Budgetary Basis	Budget	Variance Favorable/ (Unfavorable)	Actual on a Budgetary Basis	Budget	Variance Favorable/ (Unfavorable)
–	–	–	3,694,179	3,694,179	–	32,533,197	32,475,570	57,627
42,438	82,131	(39,693)	–	–	–	5,803,299	5,996,443	(193,144)
57,432	91,771	(34,339)	–	–	–	1,623,322	1,756,781	(133,459)
–	–	–	–	–	–	4,274,749	4,032,125	242,624
–	–	–	–	–	–	625,949	563,530	62,419
–	–	–	–	–	–	433,975	392,146	41,829
104,939	80,000	24,939	56,041	80,000	(23,959)	3,762,565	3,210,112	552,453
204,809	253,902	(49,093)	3,750,220	3,774,179	(23,959)	49,057,056	48,426,707	630,349
–	–	–	–	–	–	30,971,894	32,883,021	1,911,127
–	–	–	–	–	–	1,154,957	1,266,966	112,009
–	–	–	–	–	–	5,021,731	5,448,521	426,790
–	–	–	–	–	–	5,504,179	5,936,180	432,001
–	–	–	–	–	–	3,696,702	3,864,256	167,554
5,786,648	6,456,740	670,092	–	–	–	5,786,648	6,456,740	670,092
–	–	–	4,118,821	4,118,821	–	4,118,821	4,118,821	–
–	–	–	384,948	385,697	749	384,948	385,697	749
5,786,648	6,456,740	670,092	4,503,769	4,504,518	749	56,639,880	60,360,202	3,720,322
(5,581,839)	(6,202,838)	620,999	(753,549)	(730,339)	(23,210)	(7,582,824)	(11,933,495)	4,350,671
311,000	311,000	–	18,000	18,000	–	718,092	718,092	–
–	–	–	–	–	–	(707,092)	(748,936)	41,844
3,740,000	4,000,000	(260,000)	–	–	–	3,740,000	4,000,000	(260,000)
(1,530,839)	(1,891,838)	360,999	(735,549)	(712,339)	(23,210)	(3,831,824)	(7,964,339)	4,132,515
788,157	788,157	–	753,499	753,499	–	19,966,354	19,966,354	–
–	–	–	–	–	–	51,189	51,189	–
(742,682)	(1,103,681)	360,999	17,950	41,160	(23,210)	16,185,719	12,053,204	4,132,515

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Combined Statement of Revenues, Expenses and Changes in Fund Equity – Proprietary Fund Type

For the year ended June 30, 1998

(with comparative totals for the year ended June 30, 1997)

	1998	1997
Operating revenues – user charges	$ 2,110,796	2,120,033
Total operating revenues	2,110,796	2,120,033
Operating expenses:		
Food	20,514	3,438
Book and supplies	1,338,140	1,269,139
Salaries and fringe benefits	594,783	619,061
Depreciation	30,034	46,766
Other	122,636	116,273
Total operating expenses	2,106,107	2,054,677
Operating income	4,689	65,356
Operating transfer in	25,000	49,275
Operating transfer out	(71,000)	(10,000)
Total operating transfers	(46,000)	39,275
Net income (loss)	(41,311)	104,631
Fund equity, beginning of year	918,161	813,530
Residual equity transfer	(51,189)	–
Fund equity, end of year	$ 825,661	918,161

See notes to general purpose financial statements

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Combined Statement of Cash Flows – Proprietary Fund Type

For the year ended June 30, 1998

(with comparative totals for the year ended June 30, 1997)

	1998	1997
Cash flows from operating activities:		
Operating income	$ 4,689	65,356
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	30,034	46,766
Loss on disposal of equipment	30,981	20,013
Changes in assets and liabilities:		
Accounts receivable	(25,864)	37,565
Due from other funds	74,989	(100,346)
Inventories	4,455	(28,662)
Accounts payable	32,410	(36,652)
Compensated absences	(7,451)	(115)
Deferred revenue	33,156	(16,362)
Due to other funds	(38,923)	(22,089)
Total adjustments	133,787	(99,882)
Net cash provided by (used in) operating activities	138,476	(34,526)
Cash flows from noncapital financing activities:		
Operating transfers in	25,000	49,275
Operating transfer out	(71,000)	(10,000)
Residual equity transfer	(51,189)	–
Net cash provided by (used in) noncapital financing activities	(97,189)	39,275
Cash flows from capital and related financing activities – acquisition of equipment and building	(41,287)	(4,749)
Net change in cash and cash equivalents	–	–
Cash and cash equivalents, beginning of year	–	–
Cash and cash equivalents, end of year	$ –	–

See notes to general purpose financial statements.

(1) Summary of Significant Operating and Accounting Policies

Waukesha County Technical College (WCTC) was organized in 1923. The programs of WCTC, between 1923 and 1963, served apprentices, adults, full-time compulsory-age students and employed part-time students attending school one day per week under a work permit. In 1967, WCTC dropped its status as a city institution and became a county area district. In 1973, WCTC officially became known as the Waukesha County Area Vocational, Technical and Adult Education District.

In 1987, the Waukesha County Area Vocational, Technical and Adult Education District became known as Waukesha County Technical College based on action taken by its board and the Wisconsin Technical College System Board (WTCS). WCTC's legal name was officially changed from Waukesha County Area Vocational, Technical and Adult Education District to Waukesha County Area Technical College District in 1994. The primary purpose for the name change was to communicate more clearly the post-secondary nature of its offerings. WCTC's mission and legislative authority have not changed. WCTC's legislative authority includes granting associate of applied science degrees, offering basic skills training, and granting vocational and external high school diplomas; WCTC does not have legislative authority to offer University of Wisconsin System college transfer credits.

WCTC is committed to continuously improving its services to meet the technical and vocational training needs of its students, employers, and the community.

WCTC and the WTCS maintain that districts within the Wisconsin Technical College System should follow generally accepted accounting principles (GAAP) for governmental units rather than GAAP for colleges and universities because the system's mission, taxing authority, political nature and legislative intent make GAAP for governmental units most appropriate for WCTC and the state WTCS system.

The reporting entity for WCTC is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial reporting entity consists of (a) organizations for which the standalone government is financially accountable and (b) the standalone government which is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of WCTC comprise the standalone government.

The WCTC Board is the governing authority of WCTC. By state statute, the county board chairpersons of Waukesha, Jefferson, Dodge and Racine Counties appoint WCTC Board members; however, these elected officials do not maintain a continuing relationship with the WCTC Board with respect to carrying out its important public functions, and the counties are not financially accountable for the operations of WCTC. As WCTC's governing authority, the powers of the WCTC Board include:

- Authority to borrow money and levy taxes;
- Budgetary authority; and
- Authority over other fiscal and general management of WCTC which includes, but is not limited to, the authority to execute contracts, to exercise control over facilities and properties, to determine the outcome or disposition of matters affecting the recipients of the services being provided and to approve the hiring or retention of key management personnel who implement Board policy and directives.

(Continued)

WCTC implemented a computerized library database through a joint venture with Gateway Technical College and Moraine Park Technical College by forming the Wisconsin Public Access Library System (WISPALS) in the fall of 1989. WISPALS is governed by the college presidents and librarians with each college having an equal vote. Through the joint venture, each college owns one-third of the computer hardware and software that comprises WISPALS; however, the computer hardware and software is permanently housed at WCTC's Pewaukee campus. Operating costs of WISPALS are also shared equally by the three colleges. WCTC's share of operating expenditures and the fixed assets are accounted for in the general fund and general fixed asset account group, respectively. The following is a summary of financial information for WISPALS as of June 30, 1998 (balance sheet date):

	Total WISPALS	WCTC's share
Total assets	$ 61,941	20,647
Total liabilities	61,941	20,647
Total equity	–	–
Total revenues	220,952	73,651
Total expenditures	197,352	65,784

As the operating costs of WISPALS are fully funded by the participating entities, there is no change in fund balance for the joint venture for the year ended June 30, 1998. WISPALS has no joint venture debt outstanding.

The WISPALS financial statements can be obtained through Gateway Technical College District, 3520 30th Avenue, Racine, Wisconsin 53144.

The accounting polices and practices of WCTC conform to GAAP as applicable to governments. The following is a summary of the more significant accounting policies as promulgated by GASB.

(a) Fund Accounting

The accounts of WCTC are organized on the basis of funds and account groups; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three broad fund categories and generic fund types, as follows:

Governmental Funds

Governmental funds are those through which most governmental functions of WCTC are financed. The acquisition, use and balances of WCTC's expendable financial resources and related liabilities (except those accounted for in proprietary and fiduciary funds) are accounted for through governmental funds. The measurement focus is based upon the determination of changes in financial position rather than upon net income determination. These funds are maintained on the modified accrual basis of accounting.

(Continued)

General Fund – The general fund is the principal operating fund of WCTC and accounts for all financial activities of WCTC not required to be accounted for in another fund.

Special Revenue Fund – The special revenue fund is used to account for the proceeds from specific revenue sources (other than trusts or capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – The capital projects fund accounts for financial resources used for the acquisition or construction of capital assets and remodeling (other than those financed by enterprise and trust funds).

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Funds

Proprietary funds are used to account for WCTC's ongoing activities which are similar to those often found in the private sector. The measurement focus is based upon the determination of net income. These funds are maintained on the accrual basis of accounting.

Enterprise Funds – The enterprise funds are used to record revenues and expenses related to rendering services for students, faculty, staff and the community. These funds are intended to be self-supporting and are operated in a manner similar to a private business where the intent of WCTC is that all costs (including depreciation expense) of providing certain goods and services to the students and other aforementioned parties is recovered primarily through user charges. WCTC's classic room, bookstore, child-parent center, and laser application resource center are accounted for in the enterprise funds because they are operated in a manner similar to a private business. These services complement the educational and general objectives of WCTC.

WCTC utilizes a portion of its child-parent center for educational purposes. Therefore, the general fund reimburses the child-parent center for its share of the operating expenses of these enterprises. This interfund transaction has been accounted for in the accompanying financial statements by recording a reduction for the reimbursement of educational-related expenses in the enterprise fund and including the related instructional expenditures in the general fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held by WCTC in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The measurement focus of the expendable trust funds is the same as governmental funds; therefore, expendable trust funds are maintained on the modified accrual basis of accounting. Agency funds are custodial in nature (assets equal liabilities), do not involve measurement of results of operations, and are maintained on the modified accrual basis of accounting.

Expendable Trust Funds – The expendable trust funds are used to account for assets held in trust by WCTC in a trustee capacity, primarily for student activities and financial aids. The student financial aid fund is used to account for those monies provided exclusively and specifically for financial aid to students other than those furnished by other funds; the fund accounts for, among other financial aid programs, the Federal Pell grant, Supplemental Educational Opportunity Grant and the Federal College Work Study Program.

(Continued)

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Agency Fund – The agency fund is used to account for assets held in trust by WCTC as an agent for the Student Clubs, Volunteer Student Organization (VSO), and grantor agencies.

(b) Fixed Assets and Long-Term Obligations

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group rather than in governmental funds. No depreciation is required or has been provided on general fixed assets. Fixed assets acquired for enterprise operations are accounted for in the related fund and are depreciated.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligations account group, not in the governmental funds. WCTC's general long-term obligations account group includes an accounting for all general indebtedness and the noncurrent portion of the post-employment benefits and sick pay liabilities of WCTC. Payments on general indebtedness are made from the debt service fund while payments for post-employment benefits and sick pay liabilities are made from the general fund.

These two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of the results of operations.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental, expendable trust and agency funds are accounted for on a modified accrual basis. Under the modified accrual basis of accounting, transactions are recorded in the following manner:

- Revenues are recognized when they become both measurable and available (susceptible to accrual). All revenues are considered susceptible to accrual except summer school tuition and fees and the portion of the local tax levy not due until after June 30, which are recorded as deferred revenue.

Expenditures are recognized when the fund liability is incurred, except for interest and principal on general long-term obligation debt, which are recognized as expenditures when due. Expenditures for claims and judgments are recognized when it becomes probable that an asset has been impaired or a fund liability has been incurred.

Expenditures for compensated absences, including vacation and sick leave, are recognized when the fund liability is incurred for past services of an employee that vest and accumulate.

Fixed assets are recorded as capital outlays at the time of purchase.

Proceeds of long-term obligations are treated as a financing source when received.

The proprietary funds are accounted for on an accrual basis, whereby revenues are recognized when measurable and earned and expenses are recorded as liabilities when incurred, and, where applicable, depreciation expense is also included.

(Continued)

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Proprietary funds apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) on the Committee on Accounting Procedure.

(d) Budgets and Budgetary Accounting

WCTC follows the procedures listed below in adopting the annual budget, which is legally required for all fund types, including proprietary and fiduciary funds. Budgets for all governmental fund types are reflected in the financial statements.

(1) Public hearings are conducted on the proposed budget prior to WCTC Board approval.

(2) Prior to July 1, the budget is legally enacted through approval by the WCTC Board.

(3) The WCTC Board establishes the WCTC tax levy based on the adopted budget. Property taxes are then levied on the various taxing municipalities located primarily in Waukesha County. WCTC records as revenue its share of the local tax levied that is considered available during its fiscal year to finance its operations.

(4) Budget amendments during the year are legally authorized. According to Wisconsin Statutes, budget transfers (between funds and functional areas within funds) and changes in budgeted expenditures (appropriations) require approval by a vote of two-thirds of the entire membership of the WCTC Board and require publishing a Class 1 public notice in the official newspaper designated by WCTC within 10 days. Management has the ability to modify the budget by expenditure category within function without WCTC Board approval.

(5) Management exercises control over budgeted expenditures by fund and function (i.e., instruction, instructional resources, debt service, etc.), as presented in the accompanying financial statements. Expenditures may not legally exceed appropriations at the functional level unless authorized by a resolution adopted by a vote of two-thirds of the WCTC Board. Unused appropriations lapse at the end of each fiscal year.

(6) Formal budgetary integration is employed as a planning device for all funds. WCTC adopts an annual operating budget which is prepared on substantially the same basis as the financial statements, which are prepared in accordance with GAAP, except budgetary expenditures include encumbrances, and budgetary revenues include all property taxes levied for the fiscal year. Expenditures (as reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the general fund, special revenue fund, and the capital projects fund) have been revised to include encumbrances. Revenues (as reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the general fund and debt service fund) have been revised to include property tax revenues which have been deferred for GAAP reporting purposes (as such revenues are not considered available). Such adjustments have been made to present actual amounts on a budgetary basis which is consistent with the adopted budget. A comparison of budget and actual is included in the accompanying financial statements for governmental fund types based on budget amounts as originally adopted or amended by the WCTC Board. All individual amendments were legally authorized.

(Continued)

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The following is a summary of modifications made to the resources and uses budgets for the year ended June 30, 1998 (in thousands):

	Original budget	Budget modifications	Revised budget
General fund	$ 38,759,122	4,175,359	42,934,481
Special revenue fund	6,540,250	724,338	7,264,588
Capital projects fund	4,261,131	2,195,609	6,456,740
Debt service fund	4,473,373	31,145	4,504,518
Proprietary fund	2,281,183	71,000	2,352,183
Fiduciary fund	3,483,001	115,000	3,598,001

(e) Encumbrances

Encumbrance accounting (under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation) is employed as an extension of formal budgetary integration in the general, special revenue, capital projects and expendable trust funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

(f) Prepaid Expenditures

Prepaid expenditures represent payments made by WCTC for which benefits extend beyond June 30. A reserve for prepaid expenditures and inventories has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

(g) Inventories

Inventories are valued at cost (for governmental fund inventories) or the lower of cost or market (enterprise funds) with cost determined on the first in, first out basis. The cost of inventory items in governmental and enterprise funds is recorded as an expenditure at the time of consumption.

(h) Accumulated Unpaid Vacation, Sick Pay, Retirement Plan Amounts and Post-employment Benefits

Vacation – WCTC employees are granted vacation in varying amounts, based on length of service. Vacation earned is forfeited if not taken within twelve to fourteen months. Vacation pay is accrued as an expenditure in the governmental funds. The liability also includes salary-related payments, including social security taxes, Medicare taxes and pension plan contributions. The vested vacation pay liability at June 30, 1998, amounted to approximately $334,879 plus related fringe benefits of $62,455 for a total of $397,334.

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Sick pay – As provided in the applicable negotiated contracts, sick leave is earned at the rate of one day per month with full-time instructors receiving two additional days at the beginning of each employment year. Management employees earn up to 14 sick days per year. Support staff employees earn up to 12 sick days per year. The unused portion of sick leave earned is allowed to accumulate up to 100 days except full-time instructors may accumulate up to 90 days. Upon retirement, resignation or death (and achieving fifteen years of service), employees receive a lump-sum payment for up to 36% of their unused sick leave at their current salary rate.

Costs related to employees' sick pay are accrued when the amounts are earned. At June 30, 1998, the total unused accumulated sick leave for all employees amounted to approximately $6,516,339. However, only the probable amount of such sick leave compensation as of June 30 that ultimately will be paid, after taking into consideration a reduction in the amount for resignations or retirements, has been recorded in the accompanying financial statements. The liability also includes salary-related payments, including social security taxes, Medicare taxes and pension plan contributions. The current portion of this liability, $618,412, plus related fringe benefits is recorded in the respective funds and the noncurrent portion of the liability, $684,855, is recorded in the general long-term obligations account group.

Retirement Plans – WCTC employees participate in the Wisconsin Retirement System. All contributions made by WCTC on behalf of its employees are reported as expenditures when paid.

Post-employment Benefits – As provided in the applicable negotiated contracts, WCTC employees meeting a minimum age and length of service requirement may participate in WCTC's group health insurance plan until age 65 and in a Medicare supplement plan thereafter. WCTC bears the cost of the employee's participation up to the maximum amount it pays for active employees. Upon death of an employee and at the family's request, participation in WCTC's group health insurance plan may continue with WCTC paying the premiums for three months and the participant paying the premiums thereafter for a period equivalent to the employee's length of service. Substantially all full-time and certain part-time employees are eligible for this benefit. WCTC accounts for post-employment benefits by recording the portion related to expected payments to active plan participants (retired employees) as a liability in the general fund and by recording an estimated liability, based on an actuarial study completed in 1996, for the noncurrent portion related to retired employees in the long-term obligations account group. At June 30, 1998, there are 111 active plan participants and the benefits paid during the year ended June 30, 1998 aggregated approximately $653,496. At June 30, 1998, WCTC has recorded the estimated noncurrent portion of the liability amounting to $11,289,426 in the long-term obligations account group.

The actuarial study completed during 1998 also computed an estimated liability for active employees, as substantially all such employees are currently eligible for this benefit as noted previously. The liability amounted to approximately $27,811,087 of which $2,843,860 is for fully-eligible active employees. Such liability has not been recorded in the financial statements of WCTC as the provisions of SFAS No. 106 are not applicable to governmental entities such as WCTC and pending completion and issuance of a pronouncement by the GASB relating to accounting and reporting for post-employment benefits other than pensions.

Based on the actuarial study, the annual estimated cost per active employee is $6,271 to cover the employee's post-employment benefits.

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(i) Land, Buildings, and Equipment

Costs incurred for the purchase or construction of general fixed assets are recorded as expenditures in the capital projects fund. All such costs which have a unit cost in excess of $500 are capitalized in the general fixed assets account group. All fixed assets are valued at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) fixed assets have not been capitalized. Interest during construction of assets capitalized subsequent to July 1, 1980, is insignificant and has not been capitalized. Amounts expended for equipment in the enterprise funds are capitalized in the fixed asset accounts within each fund.

No depreciation is required or provided on the general fixed assets of WCTC. Depreciation on equipment and buildings are provided in the enterprise funds in amounts sufficient to relate the cost of the depreciable assets to operations over the estimated service lives on the straight-line basis. The enterprise fund's fixed assets are comprised of equipment with estimated service lives ranging from three to 20 years and the bookstore building with an estimated service life of 25 years.

(j) Total Columns on General Purpose Financial Statements

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in WCTC's financial position and operations. However, comparative data (by fund type) have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

(k) Nature and Purpose of Reservations and Designations of Fund Balances

The reserves for encumbrances, prepaid expenditures and inventories are described in Note 1(e), 1(f) and 1(g), respectively. WCTC's reserve for student organizations and financial assistance represents a segregation of the fund balance which is reserved exclusively and specifically for financial aid to students and student organizations. The reserve for capital projects represents a segregation of fund balance designated by the WCTC Board for specifically planned capital outlays. WCTC's reserves for long-term post-employment benefits and sick pay liabilities represent segregations of fund balance for these respective noncurrent liabilities in accordance with the WTCS Financial Accounting Manual.

The amount designated for subsequent year budgeted expenditures represents a segregation of a portion of fund balance officially budgeted to be utilized to fund the projected excess of budgeted expenditures over revenues for the fiscal year ending June 30, 1998.

All year-end fund balance reservations and designations are formally approved by the WCTC Board.

(Continued)

(l) State and Federal Revenues

WCTC receives state aid and funding from various federal contracts and grants. Some of these revenues are earned as expenditures are incurred. Such expenditures may be incurred during the grantor's fiscal period which may be different than that of WCTC's fiscal period and are subject to subsequent audit and adjustment by the appropriate governmental agencies. WCTC's management believes such adjustments, if any, would be immaterial.

(m) Property Tax Levy and Taxes Receivable

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, village, and town treasurers or clerks who then make settlement with the county treasurer for certain purposes. Second and subsequent installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, village, and town treasurers before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. Payments are due from the municipality by the 15th of the month following the due date based upon the municipality's payment plan. The first payment is due January 15 and the last payment is due August 15.

WCTC's property taxes are levied on or before October 31 on the equalized valuation as of the prior January 1. Property taxes are recognized as revenue in the fiscal year they are levied except for amounts relating to installments due after June 30, which are recognized as deferred revenue. As a result, a $3,890,000 deferred tax revenue liability recorded as of June 30, 1998, will be available for use in 1998/99. GASB Interpretation No. 5 "Property Tax Revenue Recognition in Governmental Funds" was modified to no longer require deferral of property tax revenue by WCTC for the tax levies received after June 30. WCTC, along with the other 15 technical colleges, will be implementing this new regulation in the 1998/99 fiscal year. As a result, property taxes expected to be received within 60 days of June 30 will be recorded as revenue as opposed to deferred revenue. Historically, WCTC has received the majority of its property tax levy from municipalities by June 30 of the fiscal year for which the taxes were levied. However, a portion of property tax revenues is received after year-end because the final installments of real estate taxes and delinquent taxes can be paid by taxpayers after June 30. The county treasurers, acting as collection agents for WCTC, are required by law to settle all tax amounts due to WCTC on or before August 20, the tax lien date, following WCTC's year-end. Such settlement represents 100% of WCTC's tax levy and the counties assume the responsibility for any delinquent real estate taxes. WCTC is limited by state law to a property tax rate of $1.50 per $1,000 of equalized valuation (excluding tax incremental financing districts) for operations as determined by the State of Wisconsin Department of Revenue. WCTC's actual operational mill rate for the fiscal year ending June 30, 1998, was $1.21. There is no cap on the debt service mill rate, however, there are state statutes limiting the amount of building construction a college can do without referendum. WCTC's actual debt service mill rate for the fiscal year ending June 30, 1998, was $0.15.

Property taxes are recognized in the appropriate governmental funds as revenue in the year when they are available to finance District services. Property taxes levied by the District that are not expected to be collected before the related appropriations are to be funded are reflected as deferred revenues.

Based upon a unique state-approved agreement, Milwaukee Area Technical College levies property taxes on Ambrosia Chocolate, which is located within the WCTC district boundaries. A portion of these taxes are then forwarded to WCTC as its share based upon an agreement with the taxing districts. WCTC estimates this amount during its budgeting process. WCTC received $10,417 for the year ended June 30, 1998.

(Continued)

(2) WCTC Foundation, Inc.

WCTC is affiliated with WCTC Foundation, Inc. (Foundation) a not-for-profit corporation whose purpose is to solicit, hold, manage, invest and expend endowment funds and other gifts, grants, and bequests exclusively for the maintenance and benefit of WCTC.

(3) Cash and Investments

WCTC maintains a cash pool available to the general, capital projects and debt service funds. Detailed records of each fund's balance are maintained and interest income is allocated based on each fund's relative balance. The student financial aid funds are maintained in a single bank account. Certain scholarship funds in the other expendable trust funds are maintained in a separate bank account.

To meet current obligations, the cash pool is maintained in overnight repurchase agreements and transferred to the master control bank account as needed. Excess funds of the overnight repurchase agreements are maintained in repurchase agreements and treasury bills.

State statutes authorize WCTC to invest in the following types of instruments: obligations of the U.S. Treasury and agencies; obligations of any Wisconsin county, city drainage district, WTCS district, village, town or school district; time deposits in any bank, trust company or savings and loan association which is authorized to transact business in this state, if the time deposits mature in not more than one year; State of Wisconsin Local Government Pooled Investment Fund (LGPIF); financial transactions (repurchase agreements) in which a public depository agrees to repay funds advanced to it by the local government plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government; and any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security is rated the highest or second highest rating category assigned by a nationally recognized rating agency.

WCTC has adopted an investment policy which restricts investments to time deposits that mature in not more than one year, U.S. Treasury obligations, repurchase agreements, LGPIF, Wisconsin School District Liquid Asset Fund, and other high grade securities, with prior approval of the Board and which comply with State Statute 66.04(a).

At June 30, 1998, and throughout the year all available funds of WCTC were insured or were fully collateralized by U.S. Treasury obligations held by WCTC's independent agent in WCTC's name. At June 30, 1998, the carrying value was ($663,067) for bank deposits and related bank balances were $24,054. As noted above, funds are swept from overnight repurchase agreements and transferred to the master control bank account as items are presented for payment.

(Continued)

WCTC's investments are categorized below to illustrate the level of credit risk assumed by WCTC at June 30, 1998. Category 1 includes deposits that are insured by federal depository insurance or registered, or securities held by WCTC or WCTC's agents in WCTC's name. Category 2 includes deposits that are uninsured and unregistered with securities held by the bank's trust departments or agents in WCTC's name. Category 3 includes deposits that are uninsured and unregistered with securities held by the bank or the bank's trust department or agent but not in WCTC's name.

	Category				
	1	2	3	Carrying Amount	Fair Value
Investments:					
U.S. Treasury Bills	$ 11,863,096	–	–	11,863,096	11,863,096
Overnight repurchase agreements	6,022,076	–	–	6,022,076	6,022,076
Total investments	$ 17,885,162	–	–	17,885,162	17,885,162

During the year ended June 30, 1998, WCTC implemented GASB Statement No. 31 "*Accounting and Financial Reporting for Certain Investments and External Investment Pools*," which establishes accounting and financial reporting standards for investments held by governmental entities. There was no effect of this implementation upon beginning fund balances and retained earnings. Effective June 30, 1998, WCTC did not have any investments with maturities greater than three months, as a result, the investments were recorded at cost.

For purposes of the statements of cash flows, WCTC considers all investments with an original maturity of three months or less to be cash equivalents, which would include any investment balances allocated to the enterprise funds from the commingled investments of WCTC (no such amounts were allocated at June 30, 1998).

(4) Changes in Fixed Assets

The following is a summary of changes in general fixed assets for the year ended June 30, 1998:

	Balance July 1, 1997	Additions	Disposals	Balance June 30, 1998
Land	$ 591,345	–	–	591,345
Land improvements	3,073,618	93,542	–	3,167,160
Buildings	7,109,304	–	492,785	6,616,519
Building improvements	5,420,029	193,479	–	5,613,508
Movable equipment	15,969,957	3,011,935	1,115,502	17,866,390
Leasehold improvements	–	2,630	–	2,630
	$ 32,164,253	3,301,586	1,608,287	33,857,552

(Continued)

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Proprietary fund type (enterprise) property, plant and equipment at June 30, 1998, consisted of a building at a cost of $488,446 with accumulated depreciation $70,011 and equipment at a cost of $141,693 with accumulated depreciation of $73,770 resulting in a net book value of $486,358.

(5) General Long-term Obligations

Outstanding general long-term obligations consisted of the following at June 30, 1998:

1989 general obligation promissory notes, with interest of 5.85% – 8%, $50,000 due annually on December 1, final maturity in December 1999	(a)	$	100,000
1993 general obligation promissory notes, with interest of 2.6% – 4.0%, varying amounts due annually on October 1, final maturity in October 2000	(b)		660,000
1993 general obligation promissory notes, with interest of 3.1% – 3.5%, $100,000 due annually on October 1, final maturity in October 1998	(c)		100,000
1994 general obligation promissory notes, with interest of 3.6% – 4.45%, varying amounts due annually on April 1 and October 1, final maturity in April 1999	(d)		720,000
1995 Public Trust Fund loan with interest of 5.5%, varying amounts due annually on March 15, final maturity in March 1999	(e)		135,906
1996 general obligation promissory notes with interest of 5.5% – 4.7%, varying amounts due annually on October 1, final maturity October, 1999	(f)		900,000
1997 general obligation promissory notes with interest of 4.55% – 4.75%, varying amounts due annually on May 1, final maturity May, 2000	(g)		465,000
1997 general obligation promissory notes with interest of 4.9% – 4.45%, varying amounts due annually on April 1, final maturity June, 2002	(h)		470,000
1997 general obligation promissory notes with interest of 4.5% – 4.10%, varying amounts due annually on April 1, final maturity, April, 2000	(i)		2,980,000
1998 general obligation promissory notes with interest of 4.1% – 4.15%, varying amounts due annually on April 1, final maturity April, 2001	(j)		560,000
Total general obligation debt			7,090,906
Sick pay liability			684,855
Post-employment liability			11,289,426
Total general long-term obligations		$	19,065,187

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(a) The General Obligation Promissory Notes dated December 1, 1989, were issued for $500,000 to finance continuing expenditures on equipment and construction, remodeling, and improvement projects. Semi-annual interest payments are to be made on June 1 and December 1 of each year. The notes are payable to Firstar Bank and F&M Bank.

(b) The General Obligation Promissory Notes dated June 1, 1993, were issued for $3,180,000 to advance refund $2,515,000 of outstanding notes and $665,000 to finance continuing expenditures on equipment and construction, remodeling, and improvement projects. Semi-annual interest payments are to be made on April 1 and October 1 of each year. The notes are payable to Firstar Bank.

(c) The General Obligation Promissory Notes dated October 1, 1993, were issued for $500,000 to finance continuing expenditures on equipment and remodeling projects. Semi-annual interest payments are made on April 1 and October 1 of each year. The notes are payable to Cede & Co.

(d) The General Obligation Promissory Notes dated June 1, 1994, were issued for $4,500,000 to finance continuing expenditures on equipment, remodeling, and improvement projects. Semi-annual interest payments are made on April 1 and October 1 of each year. The notes are payable to First Chicago.

(e) The Public Trust Fund loan dated February 8, 1995, was issued for $500,000 to finance continuing expenditures on remodeling projects. Annual interest payments are made on March 15 of each year. The loan is payable to the State of Wisconsin Board of Commissioners of Public Lands.

(f) The General Obligation Promissory Notes dated October 1, 1996 were issued for $2,700,000 to finance remodeling projects and capital equipment. Semi-annual interest payments are made on October 1 and April 1 of each year. The notes are payable to Piper Jaffrey, Inc.

(g) The General Obligation Promissory Notes dated May 1, 1997 were issued for $690,000 to finance remodeling and site improvement projects. Semi-annual interest payments are made on October 1 and April 1 of each year. The notes are payable to Piper Jaffrey, Inc.

(h) The General Obligation Promissory Notes dated June 15, 1997 were issued for $570,000 to finance remodeling and site improvement projects. Semi-annual interest payments are made on October 1 and April 1 of each year. The notes are payable to Robert W. Baird and Co., Inc.

(i) The General Obligation Promissory Notes dated November 1, 1997 were issued for $3,180,000 to finance capital equipment, remodeling, and site improvement projects. Semi-annual interest payments are made on October 1 and April 1 of each year. The notes are payable to Shockley Erley & Co.

(j) The General Obligation Promissory Notes dated June 1, 1998, were issued for $560,000 to finance remodeling and site improvement projects. Semi-annual interest payments are made on October 1 and April 1 of each year. The notes are payable to Banc One Capital Markets, Inc.

Aggregate maturities and interest of the general obligation debt is as follows:

	General Obligation Debt		Total
	Principal	Interest	requirements
1999	$ 3,455,906	303,923	3,759,829
2000	3,105,000	154,016	3,259,016
2001	405,000	22,611	427,611
2002	125,000	5,562	130,562
	$ 7,090,906	486,112	7,577,018

Wisconsin Statutes limit the total debt of WCTC to 5% of equalized valuation of taxable property within WCTC's area and limit bonded indebtedness to 2% of equalized valuation. At June 30, 1998, WCTC's debt limit was $1,193,040,656 and its bonded debt limit was $477,216,262; WCTC could borrow an additional $1,185,949,750 and $470,143,306, respectively.

The following is a summary of the changes in long-term obligations for the year ended June 30, 1998:

Balance, July 1, 1997	$ 19,350,825
Debt payments – general obligation promissory notes	(4,118,821)
Debt issuances	3,740,000
Net increase in sick pay liability	4,271
Payment – unfunded pension liability	(1,771,971)
Net increase in post-employment liability	1,860,883
Balance, June 30, 1998	$ 19,065,187

(Continued)

(6) Individual Fund Disclosures

Individual fund interfund receivable and payable balances at June 30, 1998, were as follows:

	Interfund receivables	Interfund payables
General fund	$ –	544,240
Special revenue fund	427,482	–
Enterprise funds:		
Classic room	–	3,108
Bookstore	–	150,406
Child-parent center	–	24,698
Laser Center	–	6,003
Other services	59,070	–
Fiduciary fund types:		
Expendable trust:		
Financial aids	6,062	–
Other expendable trust	180,757	–
Agency fund:		
Student Clubs	106,906	–
Volunteer Student Organization (VSO)	63,924	–
Grantor agencies	–	115,746
	$ 844,201	844,201

(7) Enterprise Funds Segment Information

WCTC maintains the following enterprise funds: classic room, bookstore, child-parent center, laser center, and other services (i.e., customer assistance, auto body, home furnishings, dental hygiene, and international videos). Segment information for the year ended June 30, 1998, was as follows:

	Classic Room	Bookstore	Child-Parent Center	Laser Center	Other Services	Total Enterprise Funds
Operating revenues	$ 20,458	1,702,281	264,244	60,368	63,445	2,110,796
Depreciation expense	–	27,277	61	2,696	–	30,034
Operating income (loss)	(34,643)	50,830	(15,666)	(6,348)	10,516	4,689
Operating transfers in	–	–	25,000	–	–	25,000
Operating transfers out	–	(71,000)	–	–	–	(71,000)
Net income (loss)	(34,643)	(20,170)	9,334	(6,348)	(10,516)	(41,311)
Acquisition of equipment	–	3,538	–	37,749	–	41,287
Equipment disposals	(30,202)	–	(779)	–	–	(30,981)
Net working capital (deficiency)	(2,939)	297,762	(27,840)	(5,152)	77,472	339,303
Total fund equity	(2,939)	736,510	(15,283)	29,901	77,472	825,661
Total assets	175	956,577	12,840	35,953	100,426	1,105,971

(Continued)

The Classic Room and Child-Parent Center have accumulated deficits of $2,939 and $15,283, respectively. They plan on doing more marketing of their programs to increase revenue as well as look at ways to reduce expense in order to reduce their deficits.

(8) Retirement Plan

All eligible WCTC employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 for teachers) are eligible to participate in the System. Covered employees in the General/Teacher category are required by statute to contribute 6.4% of their salary to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially-determined amount necessary to fund the remaining projected cost of future benefits. The entire cost of the contribution is borne by WCTC according to negotiated labor agreements.

The payroll for WCTC employees covered by the system for the year ended December 31, 1997 was $24,023,978; the employer's total payroll was $26,354,802. The total required contribution for the year ended December 31, 1997, was $3,002,997 which consisted of $1,465,463 for the employer's share and $1,537,535 for the employees' share; these contributions represented 6.1% and 6.4% of covered payroll, respectively. Total contributions for the years ending December 31, 1996 and 1995 were $2,953,630 and $2,534,203 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 and receive actuarially reduced benefits. Retirement benefits are calculated as 1.6% of final average earnings for each year of creditable service. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin State Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The System utilizes the *Entry Age Normal with Frozen Initial Liability* actuarial method in establishing employer contribution rates. Under this method, the unfunded actuarial accrued liability is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any liabilities caused by changes in benefit provisions. All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. The unfunded liability is being amortized over a 40-year period beginning January 1, 1990. Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits is presented in the System's annual financial report. The unfunded liability, as determined by the System, for WCTC as of December 31, 1997, was $(285,466) or (0.013%) of the total system liability of approximately $2.14 billion.

(Continued)

During this fiscal year WCTC made a $1,771,971 lump sum payment to reduce the unfunded liability to $-0-. As a result, effective January 1, 1998, WCTC's required contribution decreased 1.1%.

(9) Reconciliation of Actual-to-Budgetary Basis

The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual – All Governmental Fund Types presents comparisons of the legally adopted budget (as described in note 1) with actual data on the budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis and timing differences in the excess (deficiency) of revenues over expenditures for the year ended June 30, 1998, is presented below:

	General Fund	Special Revenue Fund	Capital Projects Fund
Excess (deficiency) of revenues over expenditures (budgetary basis)	$ (964,176)	(283,260)	(5,581,839)
Adjustments:			
To adjust revenues for property tax deferrals	47,000	–	–
To adjust for encumbrances	801,840	40,939	1,686,329
Excess (deficiency) of revenues over expenditures (GAAP basis)	$ (115,336)	(242,321)	(3,895,510)

(10) Commitments and Contingencies

(a) Operating Leases

WCTC leases certain facilities from Judson and Associates, S.C. for use in the Auto Body and Paint Technician program. In addition, WCTC has entered into a lease with the WCTC Foundation to lease the Morris Street building, which houses the Child-Parent Center and other programs, and to lease space in the Workforce Development Center, which opened January 1, 1995.

Other operating leases include Menomonee Falls Campus and New Berlin Campus.

Total lease expenditures for the year ended June 30, 1998, amounted to $275,269 plus operating costs. Total future minimum lease payments are as follows:

Year ended June 30	Amount
1999	$ 224,472
2000	182,591
2001	172,836
2002	149,825
2003	96,797
Thereafter	69,125
	$ 895,646

(b) Arbitration

WCTC is currently in arbitration involving claims by the faculty association that certain faculty instructors were not compensated in accordance with the collective bargaining agreement. These claims cover multiple years and also have implications for current and future instructional costs. The issues are very complex involving a complicated compensation system and a long collective bargaining history dating back to 1969. At this point in time, management is unable to determine the outcome of the arbitration and the related financial ramifications.

(c) Claims and Other Legal Proceedings

From time to time WCTC is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be estimated with certainty, it is the opinion of management and appropriate legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on WCTC's financial position or results of operations.

(11) Risk Management

To manage the various risks, WCTC has purchased insurance policies for property, general liability, crime, professional liability, educators' legal liability, auto, excess liability, and workers' compensation. At June 30, 1998, WCTC was insured for the following loss limitations:

- *Property Boiler and Machinery*: $522,441,509 blanket coverage all locations and contents, $1,000 deductible property, $5,000 deductible boiler and machinery
- *General Liability*: $1,000,000 per occurrence, $2,000,000 aggregate per location including Tiny Tech
- *Professional Liability*: $1,000 deductible, $3,000,000 aggregate, $1,000,000 aggregate employee benefits liability
- *Crime*: $1,000 deductible, $750,000 employee dishonesty, computer fraud, forgery, and funds transfer fraud, $500,000 theft, robbery, burglary
- *Educators Legal Liability*: $5,000,000 per occurrence, directors, officers, and employees, $25,000 deductible ($15,000,000 per policy period)
- *Auto*: $1,000,000 per accident, $1,000 collision and comprehensive

(Continued)

- *Excess Liability*: $50,000,000 excess over general liability, benefit, professional liability, product liability
- *Workers' Compensation*: Workers' compensation statutory

Settled claims did not exceed the insurance coverage during the policy period of July 1, 1997, through June 30, 1998, nor did claims exceed the insurance coverage during the prior two fiscal years. Governmental Accounting Standards Board Statement No. 10 requires a liability for claims be reported if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. WCTC has not recorded a liability because there are no known claims pending that are probable and can be reasonably estimated.

(12) Year 2000 Issue (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that make operations beyond the year 1999 troublesome. For many years programmers eliminated the first two digits from a year when writing programs. Many programs, if not corrected, will not be able to distinguish between the year 2000 and the year 1900. This may cause the programs to process data incorrectly or to stop processing data altogether. In addition, some programs will be unable to detect the year 2000 as a leap year.

WCTC is aware of this issue. For the past three years WCTC has been migrating all of its administrative software systems to a purchased system in order to increase functionality as well as being year 2000 compliant. The software vendor claims this software is now year 2000 compliant. WCTC has spent more than $2,000,000 over the past three years on this initiative. In addition, WCTC is reviewing all other systems and equipment as well as contacting its critical vendors to insure, to the best of its ability that WCTC will be year 2000 compliant. WCTC plans on having these initiatives completed by June, 1999.

Combining, Individual Fund and Account Group Financial Statements and Schedules

General Fund

The general fund is the primary operating fund of WCTC and receives most of its revenue from local sources. It is used to account for all the financial resources except those required to be accounted for in another fund.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

General Fund Balance Sheet

June 30, 1998

(with comparative totals for June 30, 1997)

Assets	1998	1997
Cash and investments	$ 14,647,067	14,745,075
Receivables:		
Taxes	6,698,769	6,465,202
Accounts	942,790	670,446
Accrued interest	37,188	99,712
Inventories	1,803	817
Prepaid expenditures	351,045	4,386
Total assets	$ 22,678,662	21,985,638
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	$ 262,461	171,284
Accrued liabilities:		
Wages	1,229,122	1,121,223
Payroll taxes, retirement and insurance	326,740	341,234
Compensated absences	875,609	705,123
Deferred taxes	3,890,000	3,937,000
Deferred revenue – other	1,641,619	943,180
Due to other funds	544,240	158,452
Total liabilities	8,769,791	7,377,496
Fund equity:		
Fund balances:		
Reserved for encumbrances	764,313	772,787
Reserved for prepaid expenditures and inventories	352,848	5,203
Reserved for post-employment sick pay	684,855	680,584
Reserved for post-employment benefits	11,289,426	9,428,542
Unreserved – Designated for subsequent year budgeted expenditures	817,429	3,721,026
Total fund equity	13,908,871	14,608,142
Total liabilities and fund equity	$ 22,678,662	21,985,638

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the year ended June 30, 1998

(with comparative actual amounts for the year ended June 30, 1997)

	1998					
	Actual	Adjustment to budgetary basis	Actual on a budgetary basis	Budget	Favorable variance	1997 Actual (GAAP basis)
Revenues:						
Local government – tax levy	$ 25,907,007	(47,000)	25,860,007	25,802,380	57,627	24,591,997
Intergovernmental revenue:						
State	5,135,425	–	5,135,425	4,816,531	318,894	4,887,714
Tuition and fees:						
Statutory program fees	4,257,962	–	4,257,962	4,032,125	225,837	4,123,594
Materials fees	608,684	–	608,684	563,530	45,154	579,699
Other student fees	433,975	–	433,975	392,146	41,829	406,963
Institutional fees	3,162,491	–	3,162,491	2,686,256	476,235	2,378,079
Total revenues	39,505,544	(47,000)	39,458,544	38,292,968	1,165,576	36,968,046
Expenditures:						
Current:						
Instruction	26,557,094	204,083	26,761,177	27,548,447	787,270	23,552,545
Instructional resources	1,118,667	36,290	1,154,957	1,266,966	112,009	1,004,920
Student services	3,536,991	40,796	3,577,787	3,816,955	239,168	3,069,032
General institutional	4,926,118	336,216	5,262,334	5,681,611	419,277	3,983,245
Physical plant	3,482,010	184,455	3,666,465	3,833,361	166,896	3,111,177
Total expenditures	39,620,880	801,840	40,422,720	42,147,340	1,724,620	34,720,919
Excess (deficiency) of revenues over expenditures	(115,336)	(848,840)	(964,176)	(3,854,372)	2,890,196	2,247,127
Other financing sources (uses):						
Operating transfer in	58,984	–	58,984	58,984	–	10,000
Operating transfer out	(694,108)	–	(694,108)	(735,952)	41,844	(1,169,760)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(750,460)	(848,840)	(1,599,300)	(4,531,340)	2,932,040	1,087,367
Fund balance, beginning of year	14,608,142	3,164,214	17,772,356	17,772,356	–	13,520,775
Residual equity transfer in	51,189	–	51,189	51,189	–	–
Fund balance, end of year	$ 13,908,871	2,315,374	16,224,245	13,292,205	2,932,040	14,608,142

Special Revenue Fund

The special revenue fund is used to account for the proceeds from specific revenue sources (other than expendable trust or major capital projects) that are legally restricted as to expenditures for specific purposes.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Special Revenue Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the year ended June 30, 1998

(with comparative actual amounts for the year ended June 30, 1997)

	1998					1997
	Actual	Adjustment to budgetary basis	Actual on a budgetary basis	Budget	Favorable (unfavorable) variance	Actual (GAAP basis)
Revenues:						
Local government – tax levy	$ 2,979,011	–	2,979,011	2,979,011	–	2,869,953
Intergovernmental revenue:						
State	625,436	–	625,436	1,097,781	(472,345)	692,003
Federal	1,565,890	–	1,565,890	1,665,010	(99,120)	1,602,495
Tuition and fees:						
Statutory program fees	16,787	–	16,787	–	16,787	12,234
Materials fees	17,265	–	17,265	–	17,265	13,629
Institutional fees	439,094	–	439,094	363,856	75,238	385,447
Total revenues	5,643,483	–	5,643,483	6,105,658	(462,175)	5,575,761
Expenditures:						
Current:						
Instruction	4,176,077	34,640	4,210,717	5,334,574	1,123,857	4,040,697
Student services	1,438,705	5,239	1,443,944	1,631,566	187,622	1,329,058
General institutional	240,785	1,060	241,845	254,569	12,724	228,336
Physical plant	30,237	–	30,237	30,895	658	33,815
Total expenditures	5,885,804	40,939	5,926,743	7,251,604	1,324,861	5,631,906
Excess (deficiency) of revenues over expenditures	(242,321)	(40,939)	(283,260)	(1,145,946)	862,686	(56,145)
Operating transfer out	(12,984)	–	(12,984)	(12,984)	–	–
Operating transfer in	330,108	–	330,108	330,108	–	154,485
Excess (deficiency) of revenues and other financing sources over expenditures	74,803	(40,939)	33,864	(828,822)	862,686	98,340
Fund balance, beginning of year	833,505	(181,163)	652,342	652,342	–	735,165
Fund balance, end of year	$ 908,308	(222,102)	686,206	(176,480)	862,686	833,505

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Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of capital assets other than those financed by enterprise operations.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Capital Projects Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the year ended June 30, 1998

(with comparative actual amounts for the year ended June 30, 1997)

	1998					1997
	Actual	Adjustment to budgetary basis	Actual on a budgetary basis	Budget	Favorable (unfavorable) variance	Actual (GAAP basis)
Revenues:						
Intergovernmental revenue:						
State	$ 42,438	–	42,438	82,131	(39,693)	5,822
Federal	57,432	–	57,432	91,771	(34,339)	98,282
Institutional fees	104,939	–	104,939	80,000	24,939	182,244
Total revenues	204,809	–	204,809	253,902	(49,093)	286,348
Expenditures:						
Capital outlay:						
Instruction	1,772,079	138,430	1,910,509	2,064,143	153,634	2,089,165
Instructional resources	259,966	23,512	283,478	285,355	1,877	87,191
Student services	396,871	151,945	548,816	565,474	16,658	511,717
General institutional	465,546	250,506	716,052	840,533	124,481	292,452
Physical plant	1,205,857	1,121,936	2,327,793	2,701,235	373,442	840,318
Total expenditures	4,100,319	1,686,329	5,786,648	6,456,740	670,092	3,820,843
Excess (deficiency) of revenues over expenditures	(3,895,510)	(1,686,329)	(5,581,839)	(6,202,838)	620,999	(3,534,495)
Other financing sources:						
Operating transfer in	311,000	–	311,000	311,000	–	956,000
Proceeds of long-term debt	3,740,000	–	3,740,000	4,000,000	(260,000)	3,960,000
Excess (deficiency) of revenues and other financing sources over expenditures	155,490	(1,686,329)	(1,530,839)	(1,891,838)	360,999	1,381,505
Fund balance, beginning of year	2,365,704	(1,577,547)	788,157	788,157	–	984,199
Fund balance, end of year	$ 2,521,194	(3,263,876)	(742,682)	(1,103,681)	360,999	2,365,704

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Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

For the year ended June 30, 1998

(with comparative actual amounts for the year ended June 30, 1997)

	1998					
	Actual	Adjustment to budgetary basis	Actual on a budgetary basis	Budget	Favorable (unfavorable) variance	1997 Actual (GAAP basis)
Revenues:						
Local government – tax levy	$ 3,694,179	–	3,694,179	3,694,179	–	3,558,939
Institutional fees	56,041	–	56,041	80,000	(23,959)	39,549
Total revenues	3,750,220	–	3,750,220	3,774,179	(23,959)	3,598,488
Expenditures – debt service	4,503,769	–	4,503,769	4,504,518	749	3,817,864
Deficiency of revenues over expenditures	(753,549)	–	(753,549)	(730,339)	(23,210)	(219,376)
Operating transfer in	18,000	–	18,000	18,000	–	–
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(735,549)	–	(735,549)	(712,339)	(23,210)	(219,376)
Fund balance, beginning of year	753,499	–	753,499	753,499	–	972,875
Fund balance, end of year	$ 17,950	–	17,950	41,160	(23,210)	753,499

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Proprietary Fund Type—Enterprise Funds

Enterprise funds are used to account for (1) operations that are financed and operated in a manner similar to a private business enterprise where the intent of WCTC is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and (2) the WCTC Board has decided that periodic determination of revenues earned and expenses incurred is appropriate for management control and accountability. The following enterprise funds are used by WCTC:

Classic Room Fund—This fund is used to account for the operations of WCTC's Classic Room, an on-campus restaurant run by students.

Bookstore Fund—This fund is used to account for the operations of WCTC's bookstore.

Child-Parent Center Fund—This fund is used to account for the operations of WCTC's child care center.

Laser Center—This fund is used to account for the operations of WCTC's laser center.

Other Services—This fund is used to account for the operations of other enterprise activity such as customer assistance, auto body, dental hygiene, international videos and home furnishings.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Fund Type – Enterprise Funds
Combining Balance Sheet

June 30, 1998

(with comparative totals for June 30, 1997)

Assets	Classic Room		Bookstore		Child-Parent Center		Laser Center		Other Services		Totals	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
Current assets:												
Accounts receivable	$ –	2,049	120,478	96,071	283	192	900	–	2,815	300	124,476	98,612
Due from other funds	–	48,787	–	–	–	–	–	38,750	59,070	46,522	59,070	134,059
Inventories	175	2,470	397,351	408,228	–	–	–	–	38,541	29,824	436,067	440,522
Total current assets	175	53,306	517,829	504,299	283	192	900	38,750	100,426	76,646	619,613	673,193
Fixed assets:												
Building	–	–	488,446	488,446	–	–	–	–	–	–	488,446	488,446
Equipment	–	151,783	85,221	104,533	18,723	26,787	37,749	–	–	–	141,693	283,103
Less accumulated depreciation	–	(121,581)	(134,919)	(130,492)	(6,166)	(13,390)	(2,696)	–	–	–	(143,781)	(265,463)
Fixed assets, net	–	30,202	438,748	462,487	12,557	13,397	35,053	–	–	–	486,358	506,086
Total assets	$ 175	83,508	956,577	966,786	12,840	13,589	35,953	38,750	100,426	76,646	1,105,971	1,179,279
Liabilities and Fund Equity												
Current liabilities:												
Accounts payable	6	35	44,131	7,874	13	–	49	2,400	4,777	6,257	48,976	16,566
Compensated absences	–	580	6,709	4,435	3,212	12,082	–	101	–	174	9,921	17,372
Other liabilities	–	–	18,821	783	200	–	–	–	18,177	3,259	37,198	4,042
Due to other funds	3,108	–	150,406	197,014	24,698	26,124	6,003	–	–	–	184,215	223,138
Total current liabilities	3,114	615	220,067	210,106	28,123	38,206	6,052	2,501	22,954	9,690	280,310	261,118
Fund equity:												
Contributed capital	–	72,431	–	–	–	–	–	–	–	–	–	72,431
Retained earnings (deficit)	(2,939)	10,462	736,510	756,680	(15,283)	(24,617)	29,901	36,249	77,472	66,956	825,661	845,730
Total fund equity	(2,939)	82,893	736,510	756,680	(15,283)	(24,617)	29,901	36,249	77,472	66,956	825,661	918,161
Total liabilities and fund equity	$ 175	83,508	956,577	966,786	12,840	13,589	35,953	38,750	100,426	76,646	1,105,971	1,179,279

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Fund Type – Enterprise Funds –
Combining Statement of Revenues, Expenses and Changes in Fund Equity

For the year ended June 30, 1998

(with comparative totals for the year ended June 30, 1997)

	Classic Room		Bookstore		Child-Parent Center		Laser Center		Other Services		Totals	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
Operating revenues – user charges	$ 20,458	110,376	1,702,281	1,644,338	264,244	263,646	60,368	30,158	63,445	71,515	2,110,796	2,120,033
Operating expenses:												
Materials	20,514	3,438	1,283,742	1,191,063	1,666	–	–	–	52,732	76,382	1,358,654	1,270,883
Salaries	58	47,072	233,154	200,871	204,052	203,382	37,775	27,205	183	591	475,222	479,121
Fringe benefits	12	20,051	56,143	51,381	59,735	65,468	3,657	2,995	14	45	119,561	139,940
Paper supplies	796	1,693	–	–	–	–	–	–	–	–	796	1,693
Repairs and service	–	717	5,693	7,253	125	14	–	–	–	–	5,818	7,984
Rent and utilities	27	1,646	2,164	4,169	1,239	2,520	750	691	–	–	4,180	9,026
Depreciation	–	7,065	27,277	38,188	61	1,513	2,696	–	–	–	30,034	46,766
Other	33,694	28,694	43,278	42,803	13,032	15,474	21,838	12,293	–	–	111,842	99,264
Total operating expenses	55,101	110,376	1,651,451	1,535,728	279,910	288,371	66,716	43,184	52,929	77,018	2,106,107	2,054,677
Operating income (loss)	(34,643)	–	50,830	108,610	(15,666)	(24,725)	(6,348)	(13,026)	10,516	(5,503)	4,689	65,356
Operating transfer in	–	–	–	–	25,000	–	–	49,275	–	–	25,000	49,275
Operating transfer out	–	–	(71,000)	(10,000)	–	–	–	–	–	–	(71,000)	(10,000)
Net income (loss)	(34,643)	–	(20,170)	98,610	9,334	(24,725)	(6,348)	36,249	10,516	(5,503)	(41,311)	104,631
Fund equity (deficit), beginning of year	82,893	82,893	756,680	658,070	(24,617)	108	36,249	–	66,956	72,459	918,161	813,530
Residual equity transfer out	(51,189)	–	–	–	–	–	–	–	–	–	(51,189)	–
Fund equity (deficit), end of year	$ (2,939)	82,893	736,510	756,680	(15,283)	(24,617)	29,901	36,249	77,472	66,956	825,661	918,161

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Fund Type – Enterprise Funds
Combining Statement of Cash Flows

For the year ended June 30, 1998

(with comparative totals for the year ended June 30, 1997)

	Classic Room		Bookstore		Child-Parent Center		Laser Center		Other Services		Totals	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
Cash flows from operating activities												
Operating income (loss)	$ (34,643)	–	50,830	108,610	(15,666)	(24,725)	(6,348)	(13,026)	10,516	(5,503)	4,689	65,356
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities												
Depreciation	–	7,065	27,277	38,188	61	1,513	2,696	–	–	–	30,034	46,766
Loss on disposal of equipment	30,202	9,626		10,387	779	–	–	–	–	–	30,981	20,013
Changes in assets and liabilities												
Accounts receivable	2,049	56,121	(24,407)	(22,021)	(91)	3,465	(900)	–	(2,515)	–	(25,864)	37,565
Due from other funds	48,787	(48,244)	–	–	–	–	38,750	(38,750)	(12,548)	(13,352)	74,989	(100,346)
Inventories	2,295	1,336	10,877	(42,887)	–	–	–	–	(8,717)	12,889	4,455	(28,662)
Accounts payable	(29)	5	36,257	(41,590)	13	–	(2,351)	2,400	(1,480)	2,533	32,410	(36,652)
Compensated absences	(580)	(1,932)	2,274	715	(8,870)	827	(101)	101	(174)	174	(7,451)	(115)
Accrued liabilities	–	(19,228)	18,038	458	200	(851)	–	–	14,918	3,259	33,156	(16,362)
Due to other funds	3,108	–	(46,608)	(41,860)	(1,426)	19,771	6,003	–	–	–	(38,923)	(22,089)
Total adjustments	85,832	4,749	23,708	(98,610)	(9,334)	24,725	44,097	(36,249)	(10,516)	5,503	133,787	(99,882)
Net cash provided by (used in) operating activities	51,189	4,749	74,538	10,000	(25,000)	–	37,749	(49,275)	–	–	138,476	(34,526)
Cash flows from noncapital financing activities												
Transfers in (out)	–	–	(71,000)	(10,000)	25,000	–	–	49,275	–	–	(46,000)	39,275
Residual equity transfer	(51,189)	–	–	–	–	–	–	–	–	–	(51,189)	–
Net cash provided by (used in) noncapital financing activities	(51,189)	–	(71,000)	(10,000)	25,000	–	–	49,275	–	–	(97,189)	39,275
Cash flows from capital and related financing activities – acquisition of equipment/building	–	(4,749)	(3,538)	–	–	–	(37,749)	–	–	–	(41,287)	(4,749)
Net cash used in capital and related financing activities	–	(4,749)	(3,538)	–	–	–	(37,749)	–	–	–	(41,287)	(4,749)
Net change in cash and cash equivalents	–	–	–	–	–	–	–	–	–	–	–	–
Cash and cash equivalents Beginning of year	–	–	–	–	–	–	–	–	–	–	–	–
End of year	$ –	–	–	–	–	–	–	–	–	–	–	–

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Proprietary Fund Type – Enterprise Funds
Schedule of Revenues, Expenses and Changes in Fund Equity –
Budget and Actual (a)

For the year ended June 30, 1998

	Actual on a budgetary basis	Budget	Variance favorable/ (unfavorable)
Revenues – institutional fees	$ 2,110,796	2,239,339	(128,543)
Expenses – auxiliary services	2,106,107	2,281,183	175,076
Operating income	4,689	(41,844)	46,533
Operating transfer in	25,000	66,844	(41,844)
Operating transfer out	(71,000)	(71,000)	–
Net income	(41,311)	(46,000)	4,689
Residual equity transfer out	(51,189)	(51,189)	–
Fund equity, beginning of year	918,161	918,161	–
Fund equity, end of year	$ 825,661	820,972	4,689

Note:

(a) The Wisconsin Technical College System's Financial Accounting Manual requires this schedule.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by WCTC in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The measurement focus of the expendable trust funds is the same as governmental funds; therefore, expendable trust funds are maintained on the modified accrual basis of accounting. The nonexpendable trust funds are maintained on the accrual basis of accounting as the measurement focus of these funds is similar to proprietary funds. Agency funds are custodial in nature (assets equal liabilities), do not involve measurement of results of operations, and are maintained on the modified accrual basis of accounting.

Expendable Trust Funds—The expendable trust funds are used to account for assets held by WCTC in a trustee capacity, primarily for student financial aids and other student activities.

Agency Fund—The agency fund accounts for assets held in trust by WCTC as an agent for the Student Clubs, Volunteer Service Organization, and grantor agencies.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Fiduciary Fund Types Combining Balance Sheet

June 30, 1998

(with comparative totals for June 30, 1997)

	Expendable Trust Funds		Agency Funds			Totals	
Assets	Student financial aid fund	Other expendable trust fund	Student clubs	Volunteer student organization	Grantor agencies	1998	1997
Cash	$ 24,054	–	1,091	–	–	25,145	24,072
Accounts receivable	8,437	1,958	–	39	353,216	363,650	189,135
Due from other funds	6,062	180,757	106,906	63,924	–	357,649	223,679
Total assets	$ 38,553	182,715	107,997	63,963	353,216	746,444	436,886
Liabilities and Fund Balance							
Liabilities:							
Accounts payable	–	1,570	–	–	195,204	196,774	61,644
Due to student groups	–	–	107,997	63,963	–	171,960	146,547
Compensated absences	–	–	–	–	–	–	1,912
Deferred revenue	–	7,570	–	–	–	7,570	32
Due to other funds	–	–	–	–	115,746	115,746	82,280
Due to grantor agencies	–	–	–	–	42,266	42,266	57,120
Total liabilities	–	9,140	107,997	63,963	353,216	534,316	349,535
Fund balance:							
Reserved for student organizations	–	173,575	–	–	–	173,575	76,276
Reserved for student financial assistance	38,553	–	–	–	–	38,553	11,075
Total fund balance	38,553	173,575	–	–	–	212,128	87,351
Total liabilities and fund balance	$ 38,553	182,715	107,997	63,963	353,216	746,444	436,886

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Fiduciary Fund Types – All Expendable Trust Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

For the year ended June 30, 1998

(with comparative totals for the year ended June 30, 1997)

	Student Financial Aid Fund	Other Expendable Trust Fund	Totals 1998	Totals 1997
Revenues:				
Local government – tax levy	$ 43,861	44,449	88,310	55,000
State support	283,987	–	283,987	277,163
Federal support	517,808	–	517,808	615,151
Athletics	–	62,531	62,531	74,555
Student activities	–	196,990	196,990	132,725
Other	60,758	23,759	84,517	78,170
Total revenues	906,414	327,729	1,234,143	1,232,764
Expenditures:				
Grants	913,936	–	913,936	1,004,565
Athletics	–	110,726	110,726	125,891
Other	–	119,704	119,704	100,086
Total expenditures	913,936	230,430	1,144,366	1,230,542
Excess (deficiency) of revenues over expenditures	(7,522)	97,299	89,777	2,222
Operating transfer in	35,000	–	35,000	10,000
Fund balance, beginning of year	11,075	76,276	87,351	75,129
Fund balance, end of year	$ 38,553	173,575	212,128	87,351

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Fiduciary Fund Types – Agency Funds
Combining Statement of Changes in Assets and Liabilities

June 30, 1998

Student Clubs	Balance July 1, 1997	Additions	Deductions	Balance June 30, 1998
Assets:				
Cash	$ 591	500	–	1,091
Due from other funds	86,785	140,688	120,567	106,906
Total assets	$ 87,376	141,188	120,567	107,997
Liabilities – due to student groups	87,376	141,188	120,567	107,997
Total liabilities	$ 87,376	141,188	120,567	107,997
Volunteer Student Organization (VSO)				
Assets:				
Accounts receivable	$ –	39	–	39
Due from other funds	59,671	4,253	–	63,924
Total assets	$ 59,671	4,292	–	63,963
Liabilities:				
Accounts payable	500	–	500	–
Due to student groups	59,171	241,859	237,067	63,963
Total liabilities	$ 59,671	241,859	237,567	63,963
Grantor Agencies				
Assets – accounts receivable	$ 170,322	353,216	170,322	353,216
Total assets	$ 170,322	353,216	170,322	353,216
Liabilities:				
Accounts payable	43,735	195,204	43,735	195,204
Due to other funds	69,467	46,279	–	115,746
Due to grantor agencies	57,120	789,717	804,571	42,266
Total liabilities	$ 170,322	1,031,200	848,306	353,216
Total Agency Funds				
Assets:				
Cash	$ 591	500	–	1,091
Accounts receivable	170,322	353,255	170,322	353,255
Due from other funds	146,456	144,941	120,567	170,830
Total assets	$ 317,369	498,696	290,889	525,176
Liabilities:				
Accounts payable	44,235	195,204	44,235	195,204
Due to other funds	69,467	46,279	–	115,746
Due to grantor agencies	57,120	789,717	804,571	42,266
Due to student groups	146,547	383,047	357,634	171,960
Total liabilities	$ 317,369	1,414,247	1,206,440	525,176

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Fiduciary Fund Types – All Trust Funds
Schedule of Revenues, Expenditures and Changes in Fund
Balance – Budget and Actual (a)

For the year ended June 30, 1998

	Actual	Adjustment to budgetary basis	Actual on a budgetary basis	Budget	Favorable (unfavorable) variance
Revenues:					
Local government – tax levy	$ 88,310	–	88,310	88,310	–
Intergovernmental:					
Federal	517,808	–	517,808	2,599,319	(2,081,511)
State	283,987	–	283,987	390,289	(106,302)
Tuition and fees – other student fees	196,990	–	196,990	189,000	7,990
Institutional fees	147,048	–	147,048	296,083	(149,035)
Total revenues	1,234,143	–	1,234,143	3,563,001	(2,328,858)
Expenditures:					
Instructional	–	–	–	380,673	380,673
Student services	1,144,366	–	1,144,366	3,215,560	2,071,194
Physical plant	–	–	–	1,768	1,768
Total expenditures	1,144,366	–	1,144,366	3,598,001	2,453,635
Excess (deficiency) of revenues over expenditures	89,777	–	89,777	(35,000)	124,777
Operating transfer in	35,000	–	35,000	35,000	–
Fund balance, beginning of year	87,351	681	88,032	88,032	–
Fund balance, end of year	$ 212,128	681	212,809	88,032	124,777

Note: (a) The Wisconsin Technical College System's Financial Accounting Manual requires this schedule.

General Fixed Assets Account Group

General fixed assets are fixed assets of WCTC not used in proprietary fund operations or accounted for in trust funds. WCTC has elected not to provide depreciation on the assets included in the general fixed assets account group. All assets are included at historical cost, estimated historical cost or fair market value if donated.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Fixed Assets Account Group –
Schedule of General Fixed Assets – By Sources

June 30, 1998

General fixed assets (a):	
Land	$ 591,345
Land improvements	3,167,160
Buildings	6,616,519
Building improvements	5,613,508
Leasehold improvements	2,630
Equipment	17,866,390
Total	$ 33,857,552
Investment in fixed assets from:	
Capital projects fund:	
Debt proceeds	$ 29,112,689
Federal grants	212,857
Investment income	2,792,297
Property tax levy	510,278
Donations	974,902
State grants	254,529
Total	$ 33,857,552

Note: (a) Because all of WCTC's general fixed assets are devoted to the activities related to providing vocational, technical, and adult education within WCTC, separate function and activity general fixed assets schedules have not been presented.

General Long-Term Obligations Account Group

This account group is used to account for all general long-term obligations and indebtedness of WCTC. Payments on such general obligation indebtedness are made from the debt service fund.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Indebtedness and Retirements

For the year ended June 30, 1998

Issue	Principal				Retirement Schedule			
	Borrowed	Previously retired	Retired in current year	Outstanding June 30, 1998	Year ended June 30,	Principal	Interest	Total
General Obligation Promissory Notes (1989A)	$ 500,000	350,000	50,000	100,000	1999	$ 50,000	4,625	54,625
					2000	50,000	1,550	51,550
						100,000	6,175	106,175
General Obligation Promissory Notes (1990A)	400,000	350,000	50,000	–		–	–	–
General Obligation Promissory Notes (1993A)	3,180,000	2,000,000	520,000	660,000	1999	345,000	26,055	371,055
					2000	315,000	12,600	327,600
						660,000	38,655	698,655
General Obligation Promissory Notes (1993B)	500,000	300,000	100,000	100,000	1999	100,000	1,750	101,750
General Obligation Promissory Notes (1994A)	4,500,000	3,065,000	715,000	720,000	1999	720,000	32,040	752,040
General Obligation Promissory Notes (1995A)	1,350,000	950,000	400,000	–		–	–	–
Public Trust Fund Loan (1995)	500,000	235,273	128,821	135,906	1999	135,906	7,475	143,381
General Obligation Promissory Notes (1996A)	500,000	360,000	140,000	–		–	–	–
General Obligation Promissory Notes (1996B)	$ 500,000	360,000	140,000	–		–	–	–

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(Continued)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Indebtedness and Retirements

Issue	Principal				Retirement Schedule			
	Borrowed	Previously retired	Retired in current year	Outstanding June 30, 1998	Year ended June 30,	Principal	Interest	Total
General Obligation Promissory Notes (1996C)	$ 2,700,000	450,000	1,350,000	900,000	1999	$ 450,000	41,625	491,625
					2000	450,000	21,150	471,150
						900,000	62,775	962,775
General Obligation Promissory Notes (1997A)	690,000	–	225,000	465,000	1999	230,000	21,973	251,973
					2000	235,000	11,162	246,162
						465,000	33,135	498,135
General Obligation Promissory Notes (1997B)	570,000	–	100,000	470,000	1999	110,000	21,688	131,688
					2000	115,000	16,187	131,187
					2001	120,000	10,783	130,783
					2002	125,000	5,562	130,562
						470,000	54,220	524,220
General Obligation Promissory Notes (1997C)	3,180,000	–	200,000	2,980,000	1999	1,315,000	127,440	1,442,440
					2000	1,665,000	68,265	1,733,265
						2,980,000	195,705	3,175,705
General Obligation Promissory Notes (1998A)	560,000	–	–	560,000	1999	–	19,252	19,252
					2000	275,000	23,102	298,102
					2001	285,000	11,828	296,828
						560,000	54,182	614,182
Total	$ 19,630,000	8,420,273	4,118,821	7,090,906		$ 7,090,906	486,112	7,577,018

WAUKESHA COUNTY TECHNICAL COLLEGE

Statistical Section

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Statistical Section

The information in this section was prepared by WCTC and was not subject to audit by the independent certified public accounting firm. This information provides further insight into WCTC's financial condition and economic environment.

The columns headed "year" in this section refer to WCTC's fiscal year (July 1 to June 30). Certain data included in this section is only available on a calendar-year basis and if calendar-year data is presented, it is disclosed in the notes to the specific statement or schedule included in this section.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Governmental Fund Type Expenditures by Function – Historical Comparisons
(amounts in thousands)

Year ended June 30	Instruction	Instructional Resources	Student Services	Research	General(b) Administration	General Institutional	Physical Plant	Operational Total (a)	Capital Outlays	Debt Service	Total
1989	$ 16,624	817	2,318	142	617	2,353	1,757	24,628	1,891	1,047	27,566
1990	19,142	867	2,481	155	659	1,962	1,814	27,080	2,075	1,495	30,650
1991	20,076	948	2,668	109	688	2,444	1,846	28,779	2,441	2,654	33,874
1992	21,140	762	3,142	163	701	2,427	2,002	30,337	1,562	2,251	34,150
1993	22,045	778	3,305	198	757	3,451	2,003	32,537	2,259	1,938	36,734
1994	22,481	832	3,429	185	752	3,627	2,233	33,539	2,420	2,001	37,960
1995	24,139	933	3,834	195	942	3,384	2,813	36,240	3,556	3,462	43,258
1996	26,335	956	4,150	–	1,189	3,322	3,073	39,025	3,949	4,115	47,089
1997	27,593	1,005	4,398	–	1,171	3,041	3,145	40,353	3,821	3,818	47,992
1998	30,733	1,119	4,976	–	–	5,167	3,512	45,507	4,100	4,504	54,111

Notes:

(a) The operational total and related functional expenditures include the general and special revenue funds.

(b) Effective July 1, 1997 general administration function was combined with general institutional.

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Governmental Fund Type Revenues by Source and Debt Proceeds – Historical Comparisons
(amounts in thousands)

Year ended June 30	Property Tax Levy: Operational (a)	Property Tax Levy: Debt Service	Intergovernmental: State	Intergovernmental: Federal	Tuition and Fees	Institutional	Total Revenue	Debt Proceeds	Total
1989	$ 16,464	– (b)	3,684	867	3,887	1,853	26,755	500	27,255
1990	16,405	1,500	4,038	766	4,171	2,093	28,973	900	29,873
1991	17,751	1,600	4,504	763	4,089	2,172	30,879	4,395	35,274
1992	19,967	2,154	4,509	785	4,307	2,104	33,826	–	33,826
1993	21,951	1,925	4,668	948	4,432	2,335	36,259	1,221	37,480
1994	25,453	3,468	4,636	1,107	4,621	2,201	41,486	5,000	46,486
1995	24,639	3,473	5,573	1,303	4,593	2,631	42,212	1,850	44,062
1996	26,641	3,428	5,084	1,546	4,811	2,739	44,249	1,000	45,249
1997	27,462	3,559	5,586	1,701	5,136	2,985	46,429	3,960	50,389
1998	28,886	3,694	5,803	1,623	5,335	3,763	49,104	3,740	52,844

Notes:

(a) The operational funds include the general and special revenue funds.

(b) In 1989, WCTC changed its method of recognizing property tax revenue which resulted in the deferral of the entire 1989 debt service tax levy.

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Enrollment Statistics – Historical Comparisons

Year Ended June 30	Associate Degree	Vocational		Non-Post Secondary	Community Service Program	Transcripted credit (c)	Total
		Diploma	Adult				
Student enrollment (a):							
1989	5,026	5,088	17,613		4,967	–	32,694
1990	5,348	5,719	19,433		3,640	–	34,140
1991	6,122	6,279	20,319		3,584	–	36,304
1992	6,965	6,910	19,974		1,991	–	35,840
1993	7,188	6,395	18,640		2,252	–	34,475
1994	7,447	6,215	18,246		1,851	–	33,759
1995	6,490	6,253	17,325		1,978	–	32,046
1996	5,946	6,548	18,582		2,126	1,807	35,009
1997	6,592	6,837	17,310		2,296	1,767	34,802
1998 (d)	6,062	2,728	18,224	4,121	2,003	2,051	35,189
Full-time equivalent (b):							
1989	1,783	921	441		64	–	3,209
1990	1,843	903	499		65	–	3,310
1991	1,923	998	510		70	–	3,501
1992	1,988	1,066	474		49	–	3,577
1993	1,985	1,109	431		57	–	3,582
1994	1,948	1,080	429		42	–	3,499
1995	1,830	987	423		45	–	3,285
1996	1,817	992	427		51	–	3,287
1997	1,831	1,043	386		56	–	3,316
1998 (d)	1,830	588	394	418	47	–	3,277

Notes:

(a) Student enrollment represents the unduplicated count of citizens enrolled in WCTC courses.

(b) A full-time equivalent (FTE) is basically equal to 30 annual student credits based on a mathematical calculation which varies somewhat by program and which is subject to state approval and audit of student and course data.

(c) In 1996 the state separated transcripted credits from other aid categories. The District receives no FTE's for transcripted credits. Transcripted credits are college credits high school students earn while still in high school.

(d) Effective with school year 1997/1998, the state separated non-post secondary activity from vocational diploma activity.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

General Fund Expenditures Per Full-Time Equivalent Student (a) – Historical Comparisons

Year	General Fund Expenditures		Student Enrollments		General Fund Expenditures per Student	
	Amount (000s)	Percent change	FTE's	Percent change	Per FTE	Percent change
1988	20,448		3,229		6,333	
		6 %		(1)%		7 %
1989	21,715		3,209		6,767	
		10		3		6
1990	23,794		3,310		7,189	
		6		6		–
1991	25,282		3,501		7,221	
		5		2		3
1992	26,565		3,577		7,427	
		7		–		7
1993	28,382		3,582		7,924	
		3		(2)		5
1994	29,136		3,499		8,327	
		8		(6)		15
1995	31,521		3,285		9,595	
		7		–		7
1996	33,738		3,287		10,247	
		3		7		2
1997	34,721		3,316		10,471	
		14		(1)		15
1998	39,621		3,277		12,091	

Note:

(a) The general fund is the primary fund which generates full-time equivalent (FTE) student enrollments.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Property Tax Levies and Collections – Historical Comparisons
(amounts in thousands)

Year Ended June 30	Total Tax Levy, All Funds (a)	Current Tax Collections	Percent of Current Taxes Collected	Prior Year Tax Collections	Total Tax Collections (b)	Ratio of Total Tax Collections to Total Tax Levy
1989	$ 16,607	13,346	80 %	3,118	16,464	99 %
1990	18,437	14,626	79	3,279	17,905	97
1991	19,684	15,594	79	3,887	19,481	99
1992	22,045	17,484	79	4,090	21,574	98
1993	24,294	19,365	80	4,539	23,904	98
1994	26,698	21,671	81	3,645	25,316	95
1995	28,807	23,521	82	5,130	28,651	99
1996	30,216	24,738	82	5,286	30,024	99
1997	31,362	24,856	79	5,478	30,334	97
1998	32,622	25,923	79	6,465	32,388	99

Notes:

(a) Property taxes are levied by WCTC in governmental type funds (and expendable trust funds beginning in 1991).

(b) Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, village, and town treasurers or clerks, who then make settlement with the county treasurer for certain purposes. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with city, village, and town treasurers or clerks before retaining any for county purposes. In practice, any delinquent real estate taxes are withheld from the county's share. Therefore, WCTC receives 100% of its levy upon receipt of settlement from the County Treasurer, although the taxes collected as a percentage of total tax levy will vary in any given fiscal year due to timing of payments received from municipalities.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Equalized Value and Tax Rates – Historical Comparisons

Year ended June 30	Equalized Value of Taxable Property (a) (amounts in thousands) Real Property	Personal Property	Total	Percent change	Property Tax Rate (b)	Percent change
1989	$ 10,722,823	540,647	11,263,470		1.47	
				9 %		2
1990	11,673,371	614,932	12,288,303		1.50	
				10		(3)
1991	12,846,313	686,948	13,533,261		1.45	
				12		1
1992	14,203,948	763,303	14,967,251		1.47	
				7		3
1993	15,260,324	818,803	16,079,127		1.51	
				8		1
1994	16,618,822	824,885	17,443,707		1.53	
				10		(1)
1995	18,189,844	916,761	19,106,605		1.51	
				9		(4)
1996	20,025,137	864,469	20,889,606		1.45	
				7		(3)
1997	21,445,662	925,792	22,371,454		1.40	
				7		(3)
1998	22,904,604	956,209	23,860,813		1.36	

Notes:

(a) Due to varying assessment policies in the municipalities contained in the district, WCTC uses equalized value of taxable property, excluding tax incremental districts, for tax levy purposes. This equalized value of property approximates actual (full) value of taxable property in the State of Wisconsin.

(b) Property tax rates are shown per $1,000 of equalized value.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Property Tax Rates (a) – Direct and Overlapping Governments
(Per $1,000 of Equalized Value of Taxable Property) – Historical Comparisons

Year Ended June 30	WCTC Operational (b)	WCTC Debt Service	WCTC Total	Other School Districts	Local (c)	County	State	Gross Total	State Tax Relief	Net Total
1989	1.34	0.13	1.47	16.75	5.48	3.31	0.20	27.21	(2.15)	25.06
1990	1.37	0.13	1.50	16.77	5.59	3.37	0.20	27.43	(2.02)	25.41
1991	1.35	0.10	1.45	16.80	5.88	3.44	0.20	27.77	(1.94)	25.83
1992	1.34	0.13	1.47	16.95	5.89	3.26	0.20	27.77	(2.03)	25.74
1993	1.39	0.12	1.51	17.89	6.19	3.49	0.20	29.28	(2.06)	27.22
1994	1.41	0.12	1.53	17.23	6.47	3.38	0.20	28.81	(1.97)	26.84
1995	1.33	0.18	1.51	17.98	6.31	3.59	0.20	29.59	(2.00)	27.59
1996	1.28	0.16	1.45	15.56	5.69	3.12	0.20	26.02	(1.71)	24.31
1997	1.24	0.16	1.40	14.36	5.98	3.33	0.20	25.27	(2.53)	22.74
1998	1.21	0.15	1.36	14.23	6.69	3.44	0.20	25.92	(2.62)	23.30

Notes:

(a) Source—Wisconsin Department of Revenue Division of State and Local Finance Bureau of Local Financial Assistance. The rates shown represent Waukesha County composite tax rates based on full equalized values.

(b) The operational property tax levies for all funds, except the debt service fund, and this rate may not exceed $1.50.

(c) Cities, towns, villages and other special taxing districts (e.g., sewer districts).

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Ratio of Net Bonded Debt to Equalized Valuation and Per Capita and Computation of Legal Debt Margin (c) and (d) – Historical Comparisons
(amounts in thousands, except for capita)

Year ended June 30	Population (a)	Equalized Valuation	Gross Bonded Debt Amount (b)	Debt Service Fund Assets Available	Net Bonded Debt Amount	Net Bonded Debt Ratio to Equalized Valuation	Net Bonded Debt Per Capita
1988	301,923	$ 10,379,358	$ 7,100	$ 1,916	$ 5,184	0.05	$ 17
1989	308,916	11,263,470	7,150	2,452	4,698	0.04	15
1990	314,928	12,288,303	6,990	2,659	4,331	0.04	14
1991	316,668	13,533,261	9,250	98 (e)	9,152	0.07	29
1992	322,609	14,967,251	7,535	11	7,524	0.05	23
1993	328,001	16,079,127	7,505	–	7,505	0.05	23
1994	332,579	17,443,707	10,855	1,467	9,388	0.05	28
1995	337,949	19,106,605	9,660	1,572	8,088	0.04	24
1996	340,264	20,889,606	6,957	973	5,984	0.03	18
1997	344,207	22,371,454	7,470	753	6,717	0.04	20
1998	355,363	23,860,813	7,091	18	7,073	0.03	20

Notes:

(a) Source—Wisconsin Department of Revenue.

(b) Includes general obligation promissory notes, which are included in WCTC's general obligation indebtedness.

(c) Bonded indebtedness may not exceed 2% of equalized valuation. For fiscal 1997, the computation of legal debt margin is as follows:

Equalized valuation		$ 23,860,813,120
		x 2%
Debt limit—2% of total equalized valuation		477,216,262
Gross bonded indebtedness applicable to debt limit (b)	$ 7,090,906	
Less debt service fund assets available	17,950	
Total amount of debt applicable to debt limit		7,072,956
Legal debt margin		$ 470,143,306

(d) Total debt may not exceed 5% of equalized valuation.

(e) Debt service fund assets available and the net bonded debt statistics were significantly impacted by the 1991 change in accounting for property tax revenue recognition and a budgeted decrease in debt service fund balance. Historical comparisons for these statistics have not been retroactively adjusted.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Ratio of Annual Debt Service and Bonded Debt Expenditures to Total Governmental Expenditures – Historical Comparisons
(amounts in thousands)

Year ended June 30	Debt Service					Ratio of Debt Service to Governmental Expenditures		
	Bonded Debt (a)		Other Debt					
	Principal	Interest and Related Charges	Principal	Interest	Total	Total Governmental Expenditures (b)	Bonded Debt Service	Total Debt Service
1989	$ 450	473	111	13	1,047	25,675	3.6	4.1
1990	1,060	421	13	1	1,495	28,575	5.2	5.2
1991	2,140	514	–	–	2,654	31,433	8.4	8.4
1992	1,715	536	–	–	2,251	32,588	6.9	6.9
1993	1,420	518	–	–	1,938	34,475	5.6	5.6
1994	1,650	351	–	–	2,001	35,540	5.6	5.6
1995	3,045	417	–	–	3,462	39,703	8.7	8.7
1996	3,590	383	113 (c)	30	4,116	43,146	9.2	9.6
1997	3,325	350	122	21	3,818	44,171	8.3	8.6
1998	3,990	370	129	15	4,504	50,011	8.7	9.0

Notes:

(a) Includes general obligation promissory notes which are included in WCTC's general obligation indebtedness.

(b) Includes general, special revenue and debt service funds.

(c) Includes payment for Public Trust Loan.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Program Graduates Follow-Up Statistics (a) – Historical Comparisons

Year	Number of Graduates	Number of Follow-up Respondents	Percent Employed in Related Occupations	Mean Monthly Salary	Percent Residing in District	Percent Employed in District
1988	696	626	81	$ 1,468	73 %	50 %
1989	663	602	87	1,575	80	57
1990	692	621	84	1,704	72	54
1991	816	758	79	1,718	78	55
1992	908	820	70	1,710	76	59
1993	845	782	71	1,671	72	57
1994	955	895	74	1,813	71	57
1995	983	877	72	1,944	72	53
1996	912	831	72	1,956	76	51
1997	1048 (b)	904	80	2,195	79	55

Notes:

(a) Based on a survey of WCTC's graduates conducted approximately six months after graduation, therefore, 1997 statistics are not available. Statistics include graduates of WCTC's postsecondary vocational-technical programs. This data does not reflect the activities of students who complete only portions of their program.

(b) Includes graduates of six apprenticeship programs.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Demographics Statistics – Historical Comparisons for Waukesha County (1)

Year (4)	Population (a)	Number of Households (b)	Median Household Income (b)	Per Capita Income (c)	School Enrollment (d) (2) (3)	Annual Public and Private High School Graduates (d) (3)	Unemployment Rate % (e)
1989	308,916	99,846	35,076	21,836	61,595	4,617	3.2
1990	314,928	105,990	35,602	23,127	62,461	4,087	3.1
1991	316,668	103,613	37,026	23,717	64,374	4,132	4.1
1992	322,609	105,556	37,951	25,175	65,878	3,885	4.1
1993	328,001	107,318	38,710	26,334	66,446	4,251	3.6
1994	332,579	108,633	39,677	27,623	68,778	4,004	3.7
1995	337,949	109,502	40,668	28,634	70,530	4,200	2.7
1996	340,264	123,483	56,869	30,207	71,003	4,687	2.5
1997	344,207	122,521	56,362	32,121	73,469	4,578	2.8
1998	353,363	125,137	58,703	N/A	73,056	N/A	2.7

Notes:
(a) Wisconsin Department of Revenue.
(b) Source—Milwaukee Journal Consumer Analysis sites estimated values prepared by Claritis, Inc.; 1990 = Census Data.
(c) Source—US Department of Commerce, Bureau of Economic Analysis (for Waukesha County only).
(d) Source—Wisconsin Department of Public Instruction.
(e) Source—Wisconsin Workforce Development Center (formerly DILHR).

Notes:
(1) Represents only Waukesha County, except for population.
(2) Data based on academic year which includes five months of the previous calendar year.
(3) Includes Jefferson County Schools within WCTC's district.
(4) Calendar year information.

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Construction Waukesha County Only (a) (c) –
Historical Comparisons

Year (b)	Single family – new		Other residential - new		Residential remodel		Residential garage	
	Number of permits	Value	Number of permits	Value	Number of permits	Value	Number of permits	Value
1988	1,855	$ 197,737,292	162	$ 48,339,518	1,441	$ 12,785,672	372	$ 2,421,428
1989	1,789	204,165,825	245	67,290,434	1,529	14,485,587	364	4,704,998
1990	1,842	219,345,082	199	55,118,296	1,830	16,157,789	390	2,767,838
1991	1,744	213,892,000	130	41,737,000	2,111	20,302,000	323	2,524,000
1992	2,330	303,430,000	132	62,007,000	2,701	27,099,000	407	3,190,000
1993	2,328	315,083,000	150	64,473,000	2,473	24,317,000	374	3,315,000
1994	2,282	337,866,000	163	68,164,000	2,529	28,244,000	357	3,658,000
1995	1,778	271,082,540	195	73,059,115	2,626	26,641,000	260	2,344,000
1996	1,914	299,548,421	170	73,644,764	2,911	20,876,961	371	3,218,536
1997 (est)	1,591	270,209,150	188	85,279,485	1,997	25,850,511	368	3,444,460

Notes:

(a) These historical comparisons represent only Waukesha County's portion, which accounts for over 97% of the equalized value of taxable property.

(b) Statistics based on calendar year data, which includes six months of the prior fiscal year and six months of the fiscal year listed above.

(c) Source—U.S. Department of Commerce Help Line 1-800-435-7287. 1997 figures are preliminary. Waukesha County Comprehensive Annual Financial Report for the year ending December 31, 1997.

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Industrial		Office, Bank		Mercantile		Other		Total	
Number of permits	Value	Number of permits	Value	Number of permits	Value	Number of permits	Value	Number of permits	Value
65	$ 19,899,616	24	$ 26,462,339	54	$ 26,421,429	1,542	$ 61,260,148	5,515	$ 395,327,442
73	39,629,579	21	24,717,000	56	18,542,000	1,371	64,976,922	5,448	438,512,345
49	18,095,700	22	11,699,800	38	22,120,000	1,373	59,407,902	5,743	404,712,407
46	20,621,000	11	15,456,000	21	8,278,000	1,448	44,893,000	5,834	367,703,000
41	16,796,000	15	14,464,000	27	12,592,000	1,279	65,211,000	6,932	504,789,000
41	19,204,000	27	23,294,000	42	41,962,000	1,315	98,887,000	6,750	590,535,000
53	24,540,000	21	34,255,000	42	18,964,000	1,353	84,538,000	6,800	600,229,000
37	31,916,000	32	31,153,000	52	34,275,000	1,231	98,552,000	6,211	569,022,655
74	55,869,057	47	42,102,799	75	28,112,395	970	145,841,729	6,532	669,214,662
63	42,530,355	28	16,082,500	66	36,200,112	867	135,718,400	5,168	615,314,973

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Bank Deposits Waukesha County Only (a)
Historical Comparisons

	Commercial banks (b)			Savings & Loan (b)			
	Number of		Total amount of deposits	Number of		Assets	
Year	Banks	Offices	(in thousands)	Banks	Offices	(in thousands)	Total
1988	21	69	$ 1,745,806	–	–	NR	$ 1,745,806
1989	21	73	1,837,773	–	–	NR	1,837,773
1990	23	78	1,947,565	–	–	NR	1,947,565
1991	25	88	2,201,778	–	–	NR	2,201,778
1992	23	85	2,379,734	–	–	NR	2,379,734
1993	24	94	2,616,996	5	12	398,456	3,015,452
1994	23	95	2,702,673	8	15	480,964	3,183,637
1995	20	95	2,865,515	9	16	517,314	3,382,829
1997	21	96	2,886,821	8	14	512,931	3,399,752
1998	24	104	3,088,034	13	35	1,146,090	4,234,124

Notes:

(a) These historical comparisons represent only Waukesha County's portion, which accounts for over 97% of the equalized value of taxable property.

(b) Source – Federal Deposit Insurance Corporation, Data Book Operating Banks and Branches, as of June 30. Savings and Loan information not reported (NR) by FDIC until 1993. (www.FDIC.Gov/publish/banking.html)

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Distribution of Real Property Value on an Assessed (Not Equalized) Basis –
Waukesha County Only (a) – Historical Comparisons
(amounts in thousands)

	Residential	Commercial	Manufacturing	Agricultural	Swamp and Waste	Forest	Other
1989	7,811,891	2,117,153	483,216	300,577	8,157	22,881	–
1990	8,665,722	2,150,053	514,001	322,383	8,599	22,997	–
1991	10,589,577	2,702,686	584,767	346,373	10,218	28,365	–
1992	11,583,432	2,765,007	622,071	363,166	11,553	28,150	–
1993	12,769,785	2,928,264	642,654	310,961	11,401	28,581	–
1994	14,146,894	3,151,141	651,523	292,358	13,790	27,547	–
1995	15,616,962	3,427,534	681,654	288,413	12,315	26,710	–
1996	16,661,620	3,783,959	736,833	165,750	16,030	36,058	–
1997	17,617,710	4,115,220	852,066	182,338	19,472	42,852	112,462
1998	18,443,537	4,406,343	924,246	167,693	24,053	51,907	125,447

Note:

(a) These historical comparisons represent only Waukesha County's portion, which accounts for over 97% of the equalized value of taxable property. Source—Wisconsin Department of Revenue. Division of State and Local Finance, Bureau of Equalization.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Principal Taxpayers

For the year ended June 30, 1998

Employer	Type of business	Number of employees
Quad/Graphics	Litho printer	4,200
General Electric Medical Systems	Medical products	3,000
Waukesha Memorial Hospital	Health care	2,800
Waukesha County	Government	1,500
School District of Waukesha	Education	1,448
Community Memorial Hospital – Men. Falls	Health care	1,171
Cooper Power Systems	Transformers manufacturer	1,100
Waukesha County Technical College	Education	1,010
Dresser Industries, Inc. – Waukesha Engine Division	Engines	968
Milwaukee Electric Tool Corp.	Portable electric tools	760

Source: Waukesha County Economic Development Corporation and April 1998, Robert W. Baird Telephone Survey.

Taxpayer	Type of Business	1997 Assessed valuation (a)
General Electric Company	Medical products	$ 66,101,215
Individual	Mixed use real estate	61,586,616
Quad/Graphics	Litho printer	60,346,271
Brookfield Square Joint Venture	Retail shopping	59,478,184
Dayton-Hudson Corporation	Distribution center/retail stores	47,484,800
Kohl's Department Stores	Distribution center/retail store	46,118,705
Bryce Styza – Harmony Homes	Primarily residential real estate	40,193,527
Bielinski Brothers	Primarily residential real estate	36,204,190
Strong/Corneliuson	Financial services	33,996,480

Note:

(a) Does not include parcels under $1,000,000 in valuation.

Source: Waukesha County Department of Administration – Finance Office.

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Current Year Equalized Value and Budgeted Tax Levy by Municipality

	Equalized Value	Percent of Total	1997 Tax Levy
Waukesha County			
Town of:			
Brookfield	$ 611,880,900	2.564376 %	$ 835,060
Delafield	629,591,599	2.638601	859,231
Eagle	187,040,300	0.783881	255,262
Genesee	463,995,401	1.944592	633,235
Lisbon	528,164,100	2.213521	720,808
Merton	667,956,500	2.799387	911,589
Mukwonago	381,052,600	1.596981	520,039
Oconomowoc	637,462,900	2.671589	869,973
Ottawa	256,982,500	1.077006	350,715
Pewaukee	1,181,181,200	4.950297	1,612,009
Summit	427,279,500	1.790716	583,127
Vernon	438,119,600	1.836147	597,921
Waukesha	532,507,900	2.231726	726,736
Village of:			
Big Bend	76,673,800	0.321338	104,640
Butler	160,015,201	0.670619	218,380
Chenequa	185,677,200	0.778168	253,402
Dousman	47,386,400	0.198595	64,670
Eagle	58,760,800	0.246265	80,193
Elm Grove	628,100,500	2.632352	857,196
Hartland	384,640,049	1.612016	524,935
Lac La Belle	49,859,900	0.208961	68,046
Lannon	54,742,200	0.229423	74,709
Menomonee Falls	2,110,243,500	8.843971	2,879,940
Merton	83,600,000	0.350365	114,093
Mukwonago	253,124,300	1.060837	345,450
Nashotah	70,624,100	0.295984	96,384
North Prairie	71,402,500	0.299246	97,446
Oconomowoc Lake	151,301,500	0.634100	206,488
Pewaukee	392,358,950	1.644365	535,469
Sussex	444,337,200	1.862205	606,406
Wales	130,854,800	0.548409	178,583
City of:			
Brookfield	3,612,363,500	15.139314	4,929,948
Delafield	496,032,799	2.078860	676,957
Muskego	1,083,641,500	4.541511	1,478,892
New Berlin	2,221,118,752	9.308647	3,031,256
Oconomowoc	649,084,500	2.720295	885,834
Waukesha	2,825,084,800	11.839851	3,855,515

(Continued)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Current Year Equalized Value and Budgeted Tax Levy by Municipality

	Equalized Value	Percent of Total	1997 Tax Levy
Dodge County			
Town of:			
Ashippun	$ 83,313,942	0.349166 %	$ 113,702
Lebanon	2,200,943	0.009224	3,004
Jefferson County			
Town of:			
Cold Spring	282,116	0.001182	385
Concord	28,318,648	0.118683	38,648
Ixonia	109,526,909	0.459024	149,476
Palmyra	95,169,596	0.398853	129,882
Sullivan	42,994,446	0.180189	58,676
Village of:			
Palmyra	63,671,900	0.266847	86,896
Racine County			
Town of:			
Norway	251,090,869	1.052315	342,675
Total	$ 23,860,813,120	100 %	$ 32,563,881

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Computation of Direct and Overlapping Debt

For the year ended June 30, 1998

Jurisdiction	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
WCTC	$ 7,090,906	100 %	$ 7,090,906
County of:			
Dodge	1,405,000	2	28,100
Jefferson	2,713,975	10	271,398
Racine	15,034,089	2	300,682
Waukesha	58,936,818	99	58,347,450
City of:			
Brookfield	66,244,666	100	66,244,666
Delafield	5,106,993	100	5,106,993
Muskego	17,070,000	100	17,070,000
New Berlin	54,791,340	93	50,955,946
Oconomowoc	15,611,162	100	15,611,162
Waukesha	86,926,359	100	86,926,359
Town of:			
Ashippun	399,295	68	271,521
Brookfield	6,990,000	100	6,990,000
Cold Spring	–	1	–
Concord	–	31	–
Delafield	467,274	100	467,274
Eagle	438,027	100	438,027
Genesee	146,913	100	146,913
Ixonia	–	72	–
Lebanon	100,511	4	4,020
Lisbon	3,938,421	100	3,938,421
Merton	200,125	100	200,125
Mukwonago	37,699	100	37,699
Norway	531,967	58	308,541
Oconomowoc	2,220,000	100	2,220,000
Ottawa	188,048	100	188,048
Palmyra	389,400	98	381,612
Pewaukee	4,230,999	100	4,230,999
Sullivan	–	47	–
Summit	568,608	100	568,608
Vernon	1,530,427	100	1,530,427
Waukesha	1,731,224	100	1,731,224

(Continued)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Computation of Direct and Overlapping Debt, Continued

Jurisdiction	Net Debt Outstanding	Percentage Applicable to WCTC	Amount Applicable to WCTC
Village of:			
Big Bend	$ 282,933	100 %	$ 282,933
Butler	2,841,000	100	2,841,000
Chenequa	260,184	100	260,184
Dousman	417,481	100	417,481
Eagle	997,074	100	997,074
Elm Grove	168,165	100	168,165
Hartland	3,395,000	100	3,395,000
Lac La Belle	–	100	–
Lannon	2,185,000	100	2,185,000
Menomonee Falls	91,365,251	100	91,365,251
Merton	535,133	100	535,133
Mukwonago	8,669,889	100	8,669,889
Nashotah	204,302	100	204,302
North Prairie	2,330,700	100	2,330,700
Oconomowoc Lake	1,012,990	100	1,012,990
Palmyra	1,677,373	100	1,677,373
Pewaukee	3,869,844	100	3,869,844
Sussex	30,412,805	100	30,412,805
Wales	593,446	100	593,446
School district of:			
Arrowhead	5,241,453	100	5,241,453
Elmbrook	7,725,000	100	7,725,000
Hamilton	23,600,000	100	23,600,000
Kettle Moraine	21,171,639	100	21,171,639
Menomonee Falls	4,175,000	100	4,175,000
Mukwonago	22,618,947	100	22,618,947
Muskego – Norway	17,150,000	100	17,150,000
New Berlin	2,139,817	100	2,139,817
Oconomowoc	14,318,183	100	14,318,183
Palmyra-Eagle	579,874	100	579,874
Pewaukee	11,864,327	100	11,864,327
Waukesha	21,724,131	100	21,724,131
Total			$ 635,134,061

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Student and Campus Statistics

Our Students

Our students ranged in age from 12–98, with an average age of 37.3 years, and represented diverse socio-economic backgrounds. Approximately 68% of our former students live in our taxing district after graduation of which 53% are employed in our district. Of those 1997 graduates who are in the labor market, approximately 97% are employed; about 80% of our students are employed within the program area from which they graduated.

Our Campuses

In addition to the main campus in Pewaukee, WCTC operates six other campuses where full-time staff are assigned. Campus locations and square footages are summarized as follows:

Campus	Location	Square Footage
Main Campus	800 Main Street, Pewaukee	381,038
Waukesha Campus	327 E. Broadway, Waukesha	25,098
Menomonee Falls Campus	N84W16579 Menomonee Avenue Menomonee Falls	2,282
Collision Technology Center/Sky Plaza	2110 Pewaukee Road, Waukesha	12,960
Workforce Development Center	892 Main Street, Pewaukee	15,361
Morris Street/Tiny Tech Child-Parent Center	357 Morris Street, Pewaukee	10,500
New Berlin Campus	16680 W. Cleveland Avenue New Berlin, WI	1,600

WCTC also uses area schools, churches and hospitals to conduct classes.

Other Employees

WCTC utilizes qualified full-time and part-time employees to maintain its staffing flexibility and responsiveness. Likewise, part-time instructors, who are actively employed in the fields in which they teach, are an important factor in maintaining an educational environment consistent with current work environments. Employee head count, by type, is presented in the following tabulation:

	1998(a)	1997(a)
Full-time instructors	155	148
Part-time instructors	701	666
Counselors	10	10
Full-time management and professional employees	88	84
Full-time classified employees	159	152
Student employees	100	88
Full-time limited-term employees	20	20
Part-time limited-term employees	16	14
Other (primarily part-time)	124	139
Total	1,373	1,321

Note:

(a) Represents a headcount at June, 1998 and 1997.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Statutory Mission and Goals

WCTC is a post-secondary school which offers specific occupational training below the baccalaureate level. WCTC provides quality education to the Waukesha County area and is a regional, national and international resource.

WCTC is responsible for the initiation, development and maintenance of programs with specific occupational orientation, including technical associate degrees, training of apprentices, and adult education.

The following Ends Statements provide direction and focus for the activities of WCTC:

- **Occupational Competency** – Students have skills needed to obtain entry-level jobs or have upgraded skills in their area.
- **Critical Life Skills** – Adults who are self-directed learners/workers and who possess communication, analytical, group effectiveness, and personal management skills.
- **Educational Leadership** – WCTC is a student learning-centered organization serving as a local, regional, national, and international educational resource and role model.
- **Organizational Productivity** – WCTC is a productive, humanistic, and improving organization.
- **Economic Development** – Economic development is possible through the collaborative efforts of WCTC along with other organizations.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Degree/Diploma Program Offerings

Our Offerings

Our offerings cover a wide spectrum in postsecondary education from Adult Basic Education to Technical Associate Degree Programs and many areas in between. We offer the following degree and diploma programs:

Academic Support Division

- Custodial Services

Business Occupations Division

- Accounting
- Accounting Assistant
- Administrative Assistant – Secretarial
- Computer Information Systems – Microcomputer Specialist
- Computer Information Systems – Programmer/Analyst
- Fashion Marketing
- Financial Planning Associate
- Insurance Services Associate
- International Trade Associate
- Marketing
- Mortgage Lending
- Property Appraisal/Assessment
- Property Management Associate
- Real Estate Brokerage
- Retail Management
- Supervisory Management

Industrial Occupations Division

- Architectural Drafting/Construction Technology
- Auto Body and Paint Technician
- Automotive Maintenance Technician
- Automotive Technology (GM-ASEP)
- Electrical/Electronic Drafting and Design
- Electronic Servicing
- Electronics
- Industrial Engineering Technician
- Industrial Maintenance Mechanic
- Industrial Supervision
- Machine Tool Operation
- Manufacturing Engineering Technician
- Materials Planning and Control Technician
- Mechanical Design and Computer Drafting
- Networking/Telecommunications
- Custodial Services
- Office Equipment Repair
- Quality Assurance Technician
- Tool and Diemaking
- Welding

Service Occupations Division

- Alcohol and Other Drug Abuse Associate
- Central Service Technician
- Child Care and Development
- Culinary Management
- Dental Hygienist
- Emergency Medical Technician (Basic and Intermediate)
- Fire Protection Technician (a)
- Food Service Production
- Health Unit Coordinator
- Hospitality and Tourism Management
- Instructional Assistant
- Interior Design
- Medical Assistant
- Medical Transcription
- Nursing – Associate Degree
- Nursing Assistant
- Police Science Technology
- School Food Service Assistant
- Surgical Technician

Advanced Technical Certificates

- AS/400 Systems
- Desktop Publishing
- Die Design
- Importing
- Internet/Intranet Development
- Mold Design
- Networking
- Object Oriented Programming
- Quality Improvement Process Specialist
- Telecommunication

Notes:

WCTC also offers many non-degree program courses and seminars to meet the needs of businesses and citizens in the WCTC taxing district.

(a) This program is offered by Fox Valley Technical College in our District through distance learning technology.

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Insurance in Force

Type of coverage	Insurance company	Policy period	Details of coverage	Limits of liability	Annual premium
Package policy:					
Property, Boiler and Machinery	St. Paul	7/1/97–7/1/98	Blanket coverage all locations and contents, $1,000 deductible Property, $5,000 deductible boiler and machinery	$ 522,441,509	$ 52,699
General Liability			Per Occurrence	1,000,000	
			General, aggregate, no deductible	2,000,000	
			Professional Liability, aggregate, no deductible	3,000,000	
			Employee benefits, aggregate, $1,000 deductible	1,000,000	
Auto			Per Accident collision, comprehensive and liability $1,000 deductible collision and comprehensive	1,000,000	
Excess Liability (Umbrella)			Excess over General Liability, Auto, Workers' Comp., Professional Liability, no deductible	50,000,000	
Crime	Travelers	7/1/97–7/1/98	Forgery and Funds, transfer fraud, employee dishonesty, computer fraud	750,000	2,014
			Theft, robbery, burglary, $1,000 deductible	500,000	
Educators Legal Liability	Chubb Ins. Co.	7/1/97–7/1/98	Per Occurrence	5,000,000	21,134
			Directors, officers, and employees, $25,000 deductible Per policy period	15,000,000	
Workers' Compensation	United Heartland	7/1/97–7/1/98	Workers' Compensation Statutory	Statutory	72,970

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WAUKESHA COUNTY TECHNICAL COLLEGE

Single Audit Section

Single Audit Section

The Single Audit Act Amendments of 1996 mandates independent financial and compliance audits of the federal financial assistance programs. The State of Wisconsin also stipulates that grantees who are required to have a federal single audit completed must include selected state financial assistance programs in the scope of the single audit. In addition to the required auditors' reports, the schedule of expenditures of federal and state awards and accompanying notes and schedule of findings and questioned costs are provided to support the requirements for compliance with OMB Circular A-133 and State of Wisconsin Single Audit Guidelines. The schedules provide more detailed financial information related to grant activity and other revenue. Because the State of Wisconsin has not adopted the provisions of the Single Audit Act Amendments of 1996, the Single Audit Section contains separate reports for federal and state awards.

KPMG Peat Marwick LLP

777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report on Schedule of Expenditures of Federal and State Awards

Board of Directors
Waukesha County Area Technical College District:

We have audited the general purpose financial statements of the Waukesha County Area Technical College District (WCTC) as of and for the year ended June 30, 1998, and have issued our report thereon dated October 2, 1998. These general purpose financial statements are the responsibility of the management of WCTC. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the State of Wisconsin *Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of WCTC taken as a whole. The accompanying schedule of expenditures of federal and state awards for the year ended June 30, 1998, which is also the responsibility of the management of WCTC, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

KPMG Peat Marwick LLP

October 2, 1998

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Member Firm of KPMG International

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Expenditures of Federal and State Awards

For the year ended June 30, 1998

Federal Grantor Pass-Through Grantor Program Title Program Title	CFDA Number (a)	Grant Period	Federal Grant Amount	Expenditures Federal	Expenditures Match	Total Expenditures
Major Federal Financial Assistance Programs						
U.S. Department of Education						
Passed through Wisconsin Technical College System Board						
Adult Education State Grant Program						
Adult Basic Education for Institutionalized Individuals - Elementary	84.002	7/1/97 to 6/30/98	$ 64,293	48,220	16,627	64,847
Adult Basic Education for Institutionalized Individuals - Secondary	84.002	7/1/97 to 6/30/98	16,618	12,463	4,155	16,618
Adult Basic Education Staff Development	84.002	7/1/97 to 6/30/98	18,410	18,410	129	18,539
Adult Basic Education - GOAL	84.002	7/1/97 to 6/30/98	764,256	81,046	692,263	773,309
Adult Basic Education - GOAL - Secondary	84.002	7/1/97 to 6/30/98	170,134	21,102	145,052	166,154
Total 84.002			1,033,711	181,241	858,226	1,039,467
Student Financial Assistance Programs						
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	7/01/97 to 6/30/98	77,750	64,687	18,563	83,250
Federal Family Education Loan Program (FFELP) (note 1(a))	84.032	7/01/97 to 6/30/98				
Federal Work Study (FWS)	84.033	7/01/97 to 6/30/98	66,892	44,325	11,082	55,407
Federal Pell Grant Program	84.063	7/01/97 to 6/30/98	680,000	444,009	-	444,009
Total Student Financial Assistance			824,642	553,021	29,645	582,666
Passed through Department of Workforce Development						
School to Work Opportunities Act of 1994						
School to Work	84.278	10/96 to 9/30/97	261,560	96,241	-	96,241
School to Work	84.278	10/1/97 to 9/30/98	384,547	122,801	8,685	131,486
School to Work Reserve Grant	84.278	3/1/97 to 7/31/97	18,000	14,837	-	14,837
School to Work Reserve Grant	84.278	3/1/98 to 8/31/98	6,903	1,346	-	1,346
Community Career Center	84.278	10/1/96 to 9/30/97	140,000	33,183	33,184	66,367
Community Career Center	84.278	10/1/97 to 9/30/98	140,000	55,806	38,813	94,619
Total 84.278			951,010	324,214	80,682	404,896
U.S. Department of Labor						
Employment and Training Assistance - Dislocated Workers						
JTPA Title III High Wage Dislocated Workers	17.246	10/1/96 to 10/31/98	748,460	459,364	-	459,364
JTPA Title III Pabst Miller Assessment	17.246	10/1/96 to 10/31/98	2,929	66	-	66
JTPA Title III Eaton Assessment	17.246	10/1/96 to 10/31/98	2,216	629	-	629
JTPA Title III Assessment	17.246	7/1/97 to 6/30/98	5,200	5,200	370	5,570
Combined Pabst Eaton Assessment	17.246	6/6/97 to 6/30/98	3,690	3,064	-	3,064
Health Plan Services Assessment	17.246	8/1/97 to 6/30/98	6,710	4,950	-	4,950
JTPA Title III	17.246	8/1/97 to 6/30/98	2,886	815	-	815
Total 17.246			772,091	474,088	370	474,458
Total Major Federal Financial Assistance Programs			$ 3,581,454	1,532,564	968,923	2,501,487

See notes to the Schedule of Expenditures of Federal and State Awards

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(Continued)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Expenditures of Federal and State Awards

Federal Grantor Pass-Through Grantor Program Title Program Title	CFDA Number (a)	Grant Period	Grant Amount	Expenditures Federal	Expenditures Match	Total Expenditures
Nonmajor Federal Financial Assitance Programs						
U.S. Department of Labor						
Job Training Partnership Act						
JTPA Vocational Assesement	17.250	7/1/97 to 6/30/98	$ 9,924	9,924	2,227	12,151
JTPA 8% Laser Operator Training	17.250	7/1/97 to 6/30/98	61,300	23,694	23,695	47,389
Total 17.250			71,224	33,618	25,922	59,540
U.S. Department of Education						
Passed through Wisconsin Technical College System Board						
Vocational Education - Basic Grants to States						
Counselor Special Needs	84.048	7/1/97 to 6/30/98	70,269	38,952	28,206	67,158
Supplementary Services - HIP VIP	84.048	7/1/97 to 6/30/98	23,291	17,468	6,489	23,957
Case Management - College Completion	84.048	7/1/97 to 6/30/98	75,389	37,717	36,237	73,954
Case Management - Disadvantaged Student Assistance	84.048	7/1/97 to 6/30/98	50,897	25,450	24,451	49,901
Learning Place - Remedial	84.048	7/1/97 to 6/30/98	209,054	94,074	128,962	223,036
Designing Life Options	84.048	7/1/97 to 6/30/98	147,116	117,692	29,855	147,547
Think Non-Traditional	84.048	7/1/97 to 6/30/98	58,415	43,243	10,811	54,054
Careers in Automotive	84.048	7/1/97 to 6/30/98	27,495	21,996	12,090	34,086
Total 84.048			661,926	396,592	277,101	673,693
Passed through Wisconsin Department of Health & Human Services						
Rehabilitation Services - Vocational Rehabilitation Grants						
DVR Transition School to Work	84.126	9/30/96 to 9/29/97	78,475	15,293	4,139	19,432
DVR Nursing Assistant	84.126	9/30/96 to 9/29/97	41,509	3,401	921	4,322
DVR High School Transition	84.126	9/30/96 to 9/29/97	32,179	7,168	1,940	9,108
DVR Interpreter Services	84.126	9/30/96 to 9/29/97	107,974	17,290	4,679	21,969
DVR Office Aide	84.126	9/30/96 to 9/29/97	115,510	17,290	4,679	21,969
DVR Transition School to Work	84.126	9/30/97 to 9/30/98	79,653	17,733	4,713	22,446
DVR Nursing Assistant	84.126	9/30/97 to 9/30/98	42,131	16,099	4,357	20,456
DVR Interpreter Services	84.126	9/30/97 to 9/30/98	109,594	55,627	12,759	68,386
DVR Work Experience	84.126	9/30/97 to 9/30/98	35,557	12,738	3,448	16,186
DVR Job Coaching	84.126	9/30/97 to 9/30/98	978	827	224	1,051
DVR Office Aide	84.126	9/30/97 to 9/30/98	117,243	53,820	14,566	68,386
DVR Evaluation Services FY '97	84.126	10/1/96 to 6/30/97	137,713	42,082	-	42,082
DVR Placement Services FY '97	84.126	10/1/96 to 6/30/97	52,150	19,801	-	19,801
DVR Evaluation Services FY '98	84.126	10/1/97 to 9/30/98	146,300	101,211	-	101,211
DVR Placement Services FY '98	84.126	10/1/97 to 9/30/98	37,748	41,327	-	41,327
Total 84.126			1,134,714	421,707	56,425	478,132

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(Continued)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Expenditures of Federal and State Awards

State Grantor Pass-Through Grantor Program Title Program Title	State Identification Number	Grant Period	State Grant Amount	Expenditures State	Expenditures Match	Total Expenditures
Major State Financial Assistance Programs						
Wisconsin Technical College Systems Board						
State Aids for Vocational, Technical and Adult Education	292.105	7.1.97 to 6.30.98	$ 4,816,531	5,135,425	-	5,135,425
Incentive Grants						
New Berlin Ind. Park Educ. Project	292.112	7.1.97 to 6.30.98	100,000	44,135	44,136	88,271
Custom Products Workplace Education	292.112	7.1.97 to 6.30.98	70,000	52,500	26,791	79,291
Printing and Publishing	292.112	7.1.97 to 6.30.98	120,695	47,505	15,835	63,340
Electromechanical Technology CR	292.112	7.1.97 to 6.30.98	136,302	26,679	8,893	35,572
Quality Improvement Course	292.112	7.1.97 to 6.30.98	12,500	12,130	-	12,130
Basic Skills Expansion	292.112	7.1.97 to 6.30.98	182,296	143,832	40,768	184,600
Transition to Occupational Education	292.112	7.1.97 to 6.30.98	65,490	37,181	12,394	49,575
Technology Integration Basic Education	292.112	7.1.97 to 6.30.98	56,933	42,114	14,038	56,152
SE Wisconsin Center for Industrial Competitiveness	292.112	7.1.97 to 6.30.98	192,368	95,449	31,816	127,265
Universal Student Access	292.112	7.1.97 to 6.30.98	75,000	42,625	-	42,625
Plastecon Workplace Education	292.112	7.1.97 to 6.30.98	32,000	22,334	8,004	30,338
Maintenance Mechanic Millwright Journeyman Upgrade	292.112	7.1.97 to 6.30.98	8,000	8,000	289	8,289
Injection Mold Setup	292.112	7.1.97 to 6.30.98	5,400	4,267	-	4,267
Networking Academies	292.112	7.1.97 to 6.30.98	80,000	80,000	-	80,000
ADN Statewide DACUM Study	292.112	7.1.97 to 6.30.98	45,000	37,774	-	37,774
Total 292.112				1,181,984	696,525	202,964	899,489
Wisconsin Higher Education Aids Board						
Wisconsin Higher Education Grant	235.106	7.1.97 to 6.30.98	(c)	283,987	-	283,987
Talent Incentive Program	235.106	7.1.97 to 6.30.98	(c)	11,290	-	11,290
VTMG	235.106	7.1.97 to 6.30.98	(c)	4,050	-	4,050
Indian Student Assistance Grants	235.106	7.1.97 to 6.30.98	(c)	7,230	-	7,230
Handicapped Grants	235.106	7.1.97 to 6.30.98	(c)	900	-	900
Total 235.106				307,457	-	307,457
Total Major State Financial Assistance Programs			$ 5,998,515	6,139,407	202,964	6,342,371

See notes to the Schedule of Expenditures of Federal and State Awards

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(Continued)

WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Expenditures of Federal and State Awards

Federal Grantor Pass-Through Grantor Program Title Program Title	CFDA Number (a)	Grant Period	Grant Amount	Expenditures Federal	Expenditures Match	Total Expenditures
Passed through Wisconsin Department of Public Instruction						
Even Start - State Educational Agencies						
Even Start Family Literacy 97	84.213	10.1.96 to 9.30.97	102,695	13,744	9,163	22,907
Even Start Family Literacy	84.213	10.1.97 to 9.30.98	99,294	26,578	26,578	53,156
Total 84.213			201,989	40,322	35,741	76,063
Tech Prep Education						
Tech Prep Consortium	84.243	7.1.97 to 6.30.98	70,000	68,348	-	68,348
Tech Prep Consortium	84.243	7.1.97 to 6.30.98	24,256	24,255	-	24,255
Total 84.243			94,256	92,603	-	92,603
U.S. Department of Health and Human Services						
JOBS Assessment	93.561	1.1.97 to 12.31.97	30,000	8,326	-	8,326
U.S. Department of Transportation						
Passed Through Wisconsin Department of Transportation						
Highway Planning and Construction						
IM 240 Construction	20.205	7.15.96 to 12.31.97	100,000	21,228	5,307	26,535
IM 240 Training - Instruction	20.205	7.15.96 to 12.31.97	267,757	47,428	11,856	59,284
IM 240 Instruction	20.205	7.15.97 to 12.31.97	140,462	81,583	20,396	101,979
Total 20.205			508,219	150,239	37,559	187,798
National Science Foundation						
Tech Span	47.076	8.1.97 to 7.31.98	376,627	123,204	-	123,204
U.S. Department of Justice						
Huber Facility Transition Services	16.574	10.1.96 to 12.31.97	78,000	33,384	-	33,384
U.S. Department of Commerce						
Manufacturing Extension Partnership WMEP	11.611	7.1.97 to 6.30.98	193,099	74,363	33,409	107,772
Total Nonmajor Federal Financial Assistance Programs			3,350,054	1,374,358	466,157	1,840,515
Total Federal Financial Assistance			$ 6,931,508	2,906,922	1,435,080	4,342,002

See notes to the Schedule of Expenditures of Federal and State Awards

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WAUKESHA COUNTY AREA TECHNICAL COLLEGE DISTRICT

Schedule of Expenditures of Federal and State Awards

State Grantor Pass-Through Grantor Program Title Program Title	State Identification Number	Grant Period	State Grant Amount	Expenditures State	Expenditures Match	Total Expenditures
Nonmajor State Financial Assistance Programs						
National Registry Emergency Medical Technicians Training	(b)	7/1/97 to 6/30/98	$ 20,000	14,500	–	14,500
Wisconsin Department of Transportation						
Motorcycle Driver's Education-Experienced	(b)	3/15/98 to 11/15/98	4,892	441	188	629
Motorcycle Driver's Education Beginning	(b)	1/1/97 to 12/31/97	67,917	17,955	11,479	29,434
Motorcycle Driver's Education Beginning	(b)	1/1/98 to 12/31/98	75,083	19,826	12,675	32,501
Total Motorcycle Drivers Education			147,892	38,222	24,342	62,564
Wisconsin Technical College System Board						
Coop Employment Services-Displaced Homemakers	292.106	7/1/97 to 6/30/98	46,089	41,434	–	41,434
Displaced Homemakers (WCTC)	292.106	7/1/97 to 6/30/98	28,414	15,780	12,760	28,540
Total 292.106			74,503	57,214	12,760	69,974
Minority Student Retention	292.109	7/1/97 to 6/30/98	35,286	22,942	7,648	30,590
AODA Specialist	292.110	7/1/97 to 6/30/98	36,000	35,000	677	35,677
Firefighter Student Materials	292.117	7/1/97 to 6/30/98	8,125	8,125	–	8,125
Technology in Teaching	292.123	7/1/97 to 6/30/98	52,200	49,543	–	49,543
Special Needs Transition	292.115	7/1/97 to 6/30/98	63,803	28,470	28,673	57,143
Instructional Occupations Competency Program	292.104	7/1/97 to 6/30/98	9,126	4,563	6,222	10,785
Total Nonmajor State Financial Assistance Programs			446,935	258,579	80,322	338,901
Total State Financial Assistance Programs			6,445,450	6,397,986	283,286	6,681,272
Total Federal and State Assistance			$ 13,376,958	9,304,908	1,718,366	11,023,274

(a) Catalog of Federal Domestic Assistance (CFDA #)
(b) Program has not been assigned a CFDA or State Identification Number
(c) Contract is sum sufficient

See notes to the Schedule of Expenditures of Federal and State Awards

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WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT

Notes to Schedule of Expenditures of Federal and State Awards

June 30, 1998

(1) Scope of Review

The Waukesha County Technical College District Board oversees the operation of Waukesha County Technical College (the College or the District) under the provisions of Chapter 38 of the Wisconsin Statutes. The District includes the majority of Waukesha County and portions of Jefferson, Dodge and Racine Counties and the local municipalities located therein. Activities of the District are subject to the audit requirements contained in the scope of the Office of Management and Budget Circular No. A-133 *Audits of States, Local Governments, and Non-Profit Organizations.*

(a) Programs Subject to Single Audit

Federal awards received by the District (either directly from the federal government or passed through the State of Wisconsin) and awards received from the State of Wisconsin have been included in the schedule of expenditures of federal and state awards.

The following amounts were not included on the schedule of expenditures of federal and state awards as no monies were received or expended by WCTC. However, the program is included in the scope of the Single Audit within the Student Financial Assistance cluster:

Program	Payments
Stafford Loans	$1,039,864
Parental Loans for Undergraduate Students (WCTC Disbursements Only)	3,840
Total Federal Family Education Loan Program	$1,043,704

(2) Summary of Significant Accounting Policies

In the accompanying schedule of expenditures of federal and state awards, expenditures are presented in conformity with generally accepted accounting principles.

(Continued)

(3) Schedule of Subrecipient Awards

The following schedule is a summary of federal and state awards which have been passed through to subrecipients:

Program/Subrecipient	Federal CFDA Number	State Identification Number	Expenditures Federal	Expenditures State
JTPA Title III High Wage Dislocated Workers	17.246			
Waukesha-Ozaukee-Washington Private Industry Council			$ 221,291	-
Milwaukee Private Industry Council			112,982	-
University of Wisconsin – Milwaukee			16,669	-
Kaiser Group, Inc.			10,000	-
Total 17.246			360,942	-
Even Start Family Literacy	84.213			
Waukesha County Head Start, Inc.			9,206	-
School to Work Opportunities Implementation	84.278			
Arrowhead School District			8,555	-
Elmbrook School District			10,686	-
Hamilton/Sussex School District			4,919	-
Kettle Moraine School District			6,121	-
Menomonee Falls School District			6,545	-
Mukwonago School District			8,666	-
Muskego/Norway School District			6,363	-
New Berlin School District			7,510	-
Oconomowoc School District			6,995	-
Palmyra/Eagle School District			4,099	-
Pewaukee School District			4,099	-
Waukesha School District			19,717	-
Waukesha-Ozaukee-Washington Private Industry Council			25,249	-
Total 84.278			119,524	-
Displaced Homemakers		292.106		
The Women's Center			-	41,480
Wisconsin Center for Industrial Careers		292.112		
Milwaukee Area Technical College			-	57,710
Gateway Technical College			-	57,710
Total 292.112			-	115,420
Total passed through to subrecipients			$ 489,672	156,900

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WAUKESHA COUNTY AREA
TECHNICAL COLLEGE DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 1998

I. Summary of Auditors' Results

A. The type of opinion issued on the general purpose financial statements of Waukesha County Technical College (WCTC): **Unqualified**.
B. Reportable conditions in internal controls were disclosed by the audit of the general purpose financial statements. **No**. Material weaknesses: **No**.
C. Noncompliance with laws, regulations and the provisions of contracts and grant agreements that is material to the general purpose financial statements: **No**.
D. Reportable conditions in internal controls over major programs: **No**. Material weaknesses: **No**.
E. The type of opinion issued on WCTC's compliance with the types of compliance requirements applicable to its major federal programs: **Unqualified**.
F. The type of opinion issued on WCTC's compliance with the types of compliance requirements applicable to its major state programs: **Unqualified**.
G. Instances of noncompliance which relate to federal awards that are required to be reported in accordance with Section .510 of OMB Circular No. A-133: **None**.
H. Major federal programs for WCTC for the fiscal year ended June 30, 1998 are:

Program Name	CFDA #
Employment and Training Assistance – Dislocated Workers (JTPA Title III)	17.246
Adult Education State Grant Program	84.002
Student Financial Assistance Cluster –	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Family Education Loan Program	84.032
Federal Work Study	84.033
Federal Pell Grant Program	84.063
School-to-Work Opportunities Act of 1994	84.278

I. Major state programs for WCTC for the fiscal year ended June 30, 1998 are:

Program Name	State Identification #
State Aids for Vocational, Technical and Adult Education	292.105
State Incentive Grants	292.112
Wisconsin Higher Education Aids Board	235.106

J. Dollar threshold for determining Type A programs for WCTC: **$300,000**.
K. WCTC qualified as a low risk auditee under Section .530 of OMB Circular No. A-133: **Yes**.

(Continued)

II. Findings Related to the General Purpose Financial Statements Reported in Accordance with *Government Auditing Standards*:

None.

III. Findings and Questioned Costs Related to Federal Awards:

None.

KPMG Peat Marwick LLP

777 East Wisconsin Avenue
Milwaukee, WI 53202

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Waukesha County Area Technical College District:

We have audited the general purpose financial statements of Waukesha County Area Technical College District (WCTC) as of and for the year ended June 30, 1998 and have issued our report thereon dated October 2, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether WCTC's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WCTC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of WCTC in a separate letter dated October 2, 1998.

This report is intended for the information of management of WCTC and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 2, 1998

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777 East Wisconsin Avenue
Milwaukee, WI 53202

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance with OMB Circular A-133

Board of Directors
Waukesha County Area Technical College District:

Compliance

We have audited the compliance of the Waukesha County Area Technical College District (WCTC) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1998. WCTC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of WCTC's management. Our responsibility is to express an opinion on WCTC's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about WCTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on WCTC's compliance with those requirements.

In our opinion, WCTC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of WCTC is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered WCTC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management of WCTC and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 2, 1998

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Milwaukee, WI 53202

Independent Auditors' Report on Internal Control Structure Used in Administering State Financial Assistance

Board of Directors
Waukesha County Area Technical College District:

We have audited the general purpose financial statements of the Waukesha County Area Technical College District (WCTC) as of and for the year ended June 30, 1998, and have issued our report thereon dated October 2, 1998. We have also audited WCTC's compliance with requirements applicable to major state financial assistance programs and have issued our report thereon dated October 2, 1998.

We conducted our audits in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the State of Wisconsin *Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether WCTC complied with laws and regulations, non-compliance with which would be material to a major state financial assistance program.

In planning and performing our audits for the year ended June 30, 1998, we considered WCTC's internal control structure and assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinions on WCTC's general purpose financial statements and on its compliance with specific requirements applicable to major state financial assistance programs and to report on the internal control structure. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to state financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated October 2, 1998.

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The management of WCTC is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that state financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering state financial assistance programs in the following categories:

Accounting Cycles

- Revenues/accounts receivable/cash receipts
- Purchases/accounts payable/cash disbursements
- Payroll
- Budget and financial reporting

Specific Requirements

- Types of services allowed or unallowed
- Eligibility
- Matching
- Cost allocation
- Special reporting, as identified within the State of Wisconsin's *State Single Audit Guidelines*
- Special tests, as identified within the State of Wisconsin's *State Single Audit Guidelines*
- Monitoring subrecipients

Claims for advances and reimbursements

Amounts claimed or used for matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1998, WCTC expended 96% of its total state financial assistance under major state financial assistance programs.

We performed tests of controls to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of WCTC's major state financial assistance programs, which are identified in the accompanying Schedule of Federal and State Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering state financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a state financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure used in administering state financial assistance programs and their operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the management of WCTC and officials of applicable state agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 2, 1998

KPMG Peat Marwick LLP

777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report on Compliance with Specific Requirements Applicable to Major State Financial Assistance Programs

Board of Directors
Waukesha County Area Technical College District:

We have audited the general purpose financial statements of the Waukesha County Area Technical College District (WCTC) as of and for the year ended June 30, 1998, and have issued our report thereon dated October 2, 1998.

We have also audited WCTC's compliance with the following requirements applicable to each of its major state financial assistance programs, which are identified in the accompanying Schedule of Federal and State Financial Assistance for the year ended June 30, 1998:

- Types of services allowed or unallowed
- Eligibility
- Matching
- Cost allocation
- Special reporting, as identified within the State of Wisconsin's *State Single Audit Guidelines*
- Special tests, as identified within the State of Wisconsin's *State Single Audit Guidelines*
- Monitoring subrecipients
- Claims for advances and reimbursements
- Amounts claimed or used for matching

The management of WCTC is responsible for WCTC's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with these requirements in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the State of Wisconsin *Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about WCTC's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

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In our opinion, WCTC complied, in all material respects, with the requirements listed in the second paragraph of this report that are applicable to each of its major state financial assistance programs for the year ended June 30, 1998.

This report is intended for the information of the management of WCTC and officials of applicable state agencies. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

October 2, 1998

WAUKESHA COUNTY TECHNICAL COLLEGE

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